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The Nation's Business

Let's Get at the Root Of the Trouble

Recent airing of Canada's war supply programme in Parliament will have been largely wasted if it does not cause the Government to look for a permanent remedy for the one major weakness that was exposed.

The bottleneck in aircraft production provides evidence that there is one such central weakness in the organization of war supply in Canada. That weakness is the lack of a non-political, fulltime general manager to direct the organization of production under the minister. It is to the strengthening of war supply organization in that direction that primary attention should be directed by the Prime Minister.

Aircraft happens to be in the bottleneck of the moment. Some other vital war munition may be choked in the bottleneck of tomorrow.

H. R. MacMillan's report, nine of whose ten sections were given to Parliament by Hon. C. D. Howe, summarized the present position of war supply. Mr. Howe himself briefed the report as indicating satisfactory progress in seven of ten divisions of war supply. Mr. MacMillan was able to use such gratifying phrases as "100 per cent perfect" for automotive equipment production, and "performance is good" in respect to ships. He was less hopeful as respects solution of the machine tool problem; he spoke of "slow progress" on tanks; his comments on aircraft revealed a situation already made public in The Financial Post.

What Mr. MacMillan's study made clear is the ease with which war supply, in some department or other, can bog down through lack of centralized planning and control.

There is, it is quite evident, no adequate safeguard in the present system of war material purchase and production against delays, confusion and bottlenecks.

We have not yet set up a business organization for the business job of providing the munitions of war.

* * *

In the last war no one of the democratic countries reached full speed ahead in munitions production until it had ousted political and bureaucratic management, until it had abandoned committees and boards, in favor of one-man control. Where the job was best done, there was businesslike control under an experienced industrialist.

In the United States, there is divided control and the president splits authority with two other men. Every time something lags the president appoints another board. He dropped from a six man board to the OPM, with two chairmen, and now instead of giving one of his co-ordinators full authority he is going to set up an Emergency Management Office to "co-ordinate the co-ordinators." There is a strong demand across the border for an end to these half-remedies; for a one-man control with authority and responsibility.

Britain has recently made progress in the organization of supply. The new Minister, Sir Andrew Rae Duncan, is an outstanding industrialist; he has ousted the permanent civil service heads and short-circuited many bureaucratic bottlenecks. Other industrial leaders have been put in as chiefs of the departments in the Ministry. Something similar has been done in respect to aircraft production.

But there are still some delays arising out of the fact that both Duncan and Beaverbrook have ministerial and political responsibilities—not onerous in their cases—that prevent them from achieving the absolute freedom of action which a non-political, independent co-ordinator of War Supply would have.

Last week's Life devoted a large section to Australia's war effort and said of war production in that country:

"Credit for all this goes to all hard-hitting, democratic, efficient Australians, but specifically to Director General of Munitions Essing Lewis, who, like America's William S. Knudsen, was drafted from the management of the Broken Hill corporation."

* * *

Canada, of course, thinks it has set up a business organization for war supply. The illusion has been created by the appointment of

(Continued on page 2, col. 3)

MR. HOWE AND HIS CRITICS

An Editorial in the Montreal Gazette

The King Government is becoming very restive under criticism. It appears to be no longer capable of distinguishing between what is honest and constructive and what the Minister of Munitions and Supply chooses to brand as sabotage. Yet there is a very great and vital difference between the two, and this country would be very poorly served indeed if its leading newspapers and its public men, such of the latter as are not in one way or other bound to the Government, failed to draw attention to deficiencies which become apparent from time to time in the national war administration.

It is distinctly to the credit of The Financial Post of Toronto, and of other independent journals, that these deficiencies have been exposed promptly and fearlessly and that, in the main, criticism has been followed by reform.

No intelligent citizen who has followed the conduct of affairs since the commencement of this war can be ignorant of the fact that in a very considerable number of war administration fields the Government has not moved in advance of public opinion but has been spurred and driven by public criticism, has been forced to accelerate its pace and to adopt suggestions which public opinion endorsed. These suggestions would not have been necessary if official initiative had not failed.

It is substantially true that a one-party government undertaking exclusive control of a national enterprise of such supreme gravity as is the conduct of this war, exposes itself to scrutiny and criticism in far greater degree than would be necessary in the case of a government not so constituted, the reason being that the public cannot have anything like as complete confidence in a party administration in time of war as they can have in a war government of a more representative character, such a government as they have in Britain, more or less in Australia, and as they seem likely to have now in New Zealand.

There is a very widespread conviction that no one-party government anywhere is competent to conduct such a war as that in which the Empire is now engaged. If, then, the Prime Minister persists in maintaining the course which he has been pursuing hitherto he must not quarrel with the consequences. He must realize, at the same time, that criticism of a partisan administration is not in itself partisan.

Public opinion in Canada is no longer partisan, if it ever was. Its sole interest is in the efficient conduct of the war and it must find expression in newspapers of independent thought and purpose and through the representations of non-Liberal public men in parliament itself.

The Government owes a debt, as do the public, to those newspapers and to those elected representatives that have succeeded in stirring the Administration out of a sitting posture and putting it on its toes. Neither the Government nor the public owes anything to those journals which have done nothing but purr about the legs of Cabinet Ministers, which have rushed to the Government's defense whenever it has been criticized, and which, in at least nine cases out of ten, have been obliged to swallow their statements.

If critics of the Government are to be classed as saboteurs the Government will have to explain why so many of the faults which have been pointed out from time to time have been remedied.

Criticism which leads to improvement is constructive. In time of war it is necessary, and the Government should welcome rather than resent it. No member of the Government has any right to assume that those who discover and point out administrative faults are any less patriotically determined to support a maximum war effort than the Government itself is determined to exert such an effort.

If there is a difference in the quality of patriotism as between the authors of constructive criticism and those against whom such criticism is directed, the balance lies with those who, conscious of defects, have the courage to make them known and have them removed.

It is not sabotage. It is public service of the greatest possible value.

Further comments by Canadian newspapers are published on pages 11 and 12.

Phone Plans Need Outlay $15 Millions

Work This Year Restricted To Improvements Helpful to Furthering War Effort

From Our Own Correspondent

MONTREAL.—Capital outlay by Bell Telephone Co. of Canada in 1941 is estimated at $15.3 millions, according to an official statement of the company. This represents an increase of $2.6 millions over 1940.

Higher level of industrial and military activities is rapidly reducing the reserve of spare telephone facilities. According to C. F. Sise, president of the company, an increasing proportion of newly constructed telephone plants will be required to take care of growth. It may be necessary to spend even more than $15.3 millions to provide urgently required telephone facilities in the company's territory.

Urgent Work Only

The 1941 programme is composed largely of projects directly or indirectly related to the nation's war effort. These include installation of local and long-distance lines and equipment in the vicinity of military camps, training centres, air fields, and war plants. In addition there is provision to link these places with the larger centres.

The company plans to spend upward of $2 millions this year on construction of long-distance lines. Of this amount, $1,625,000 is the approximate cost of providing additional facilities and $375,000 is required for reconstruction of existing pole lines.

Big Projects Under Way

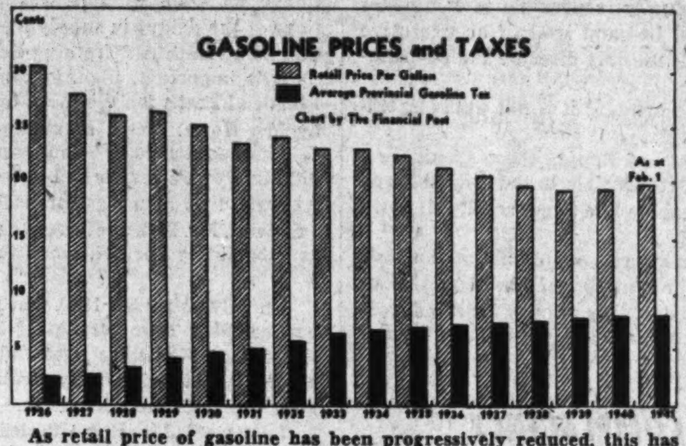
Among the larger new construction projects are the following:

A large cable will be constructed from Montreal to the south shore of the St. Lawrence River, and continuing for a distance of about 35 miles to a point near St. Hyacinthe. Another cable will be provided between Quebec City and Ste. Anne de Beaupre, while the open wire lines between the latter place and Les Chenaux, 18 miles east, will be reconstructed. Over $500,000 will be spent on these projects during 1941.

In Ontario the largest project is the completion of work done last year to provide additional long-distance facilities between Ottawa and North Bay. This involves erection of about 150 miles of new pole line, mostly between Pembroke and North Bay, and an expenditure this year of $350,000 compared with $300,000 in 1940.

New $200,000 Cable

Between Oshawa and North Bay $200,000 will be spent for construction of a new cable extending northward from Oshawa for 25 miles and for the stringing of new open wire circuits over the remaining distance. The erection of additional long-distance lines between Smiths Falls, Kingston and Belleville will also be undertaken at a cost of $80,000. A new cable will be provided between London and St. Thomas at a cost of $50,000.



As retail price of gasoline has been progressively reduced, this has been offset by higher provincial gasoline taxes. This year, the war has brought a slight increase in gasoline retail prices but provincial taxation has remained at record levels. The data for this chart are taken from the 1941 annual report of McColl-Frontenac Oil Co.

MacMillan's Report Reveals War Progress

Achievements and Bottlenecks in $1,000 Millions Munitions Programme Outlined By Requirements Board Chief

Position and outlook of Canada's $1,000 millions munitions programme are reviewed in the report which H. R. MacMillan, chairman, Wartime Requirements Board, made on Jan. 27 to Hon. J. L. Ilsley, Minister of Finance.

The report was printed last week in the House of Commons "Votes and Proceedings" with the exception of the section on guns.

Production highlights:

1. Slackening of shell production has greatly reduced steel consumption. Productive capacity exceeds present orders.

2. Automotive plants are operating at capacity on mechanical transport orders but present contracts will be completed Aug., 1941.

3. Shipbuilding could be expanded. Trained personnel and machine tool deliveries for cargo vessels are limiting factors.

4. Construction. Experience gained should permit economies in future if plans reviewed before commitments made.

5. Explosives and shell-filling: Programme and organization has been the greatest ever undertaken in Canada.

6. Machine tool supplies are 80% dependent on U. S. Canadian deliveries slower than U. S. Machine tools required for present important operations not yet ordered.

7. Tank production slow.

A summary of the report, with the exception of aircraft (see elsewhere in this issue), follows:

Shells

Difficulties of tooling-up factories and organizing production appear to have been surmounted.

Productive capacity exceeds present orders except for small arms ammunition, capacity for which is being increased and continuously used.

Slackening shell production has greatly reduced steel consumption. Increased shell production would require lessened civilian steel consumption or greater imports from U. S. A.

Bombs

Production problems not yet all surmounted.

Getting into routine production depends upon:

(a) Orders not yet all placed.

(b) Surmounting remaining technical problems.

(c) Machine tools yet to be received from U. S. A.

Automotive Equipment

Management, personnel, and production facilities 100% perfect. Technical problems all mastered, with exception of tracks for Universal Carrier, which expect will be solved within three weeks.

Present facilities operating almost to capacity but subject to getting machine tools from U. S. A., plant could be expanded and production increased.

All existing orders will be completed on contract time or about August, 1941.

Ships

Volume of orders now placed does not exceed existing plant and management facilities. Technical problems all surmounted. Performance is good.

Progress henceforth will depend upon:

(a) Organization of expanded facilities which can be done.

(b) Deliveries of plate and other ship components from U. S. A., or expanding plate production in Canada which requires one year.

(c) Deliveries from U. S. A. of machine tools for expanded programme involved in 18 cargo vessels already ordered and other orders that might be placed.

(d) Finding trained personnel without interfering with ship repair plants necessary to prevent delays to naval and merchant vessels now operating in Atlantic.

Construction

Meeting the construction needs of the Service and of munitions pro-

(Continued on page 2, col. 3)

Hint Easing Profits Tax In Budget

Correction Based on Year's Experience is Likely But Basic 75% Rate to Remain

From Our Own Correspondent

OTTAWA.—From more than one source hints are gathered that changes will be made in the excess profits tax in the coming Dominion budget. It is generally admitted that the past year's experience has demonstrated that the existing act contains certain inequities and injustices. Some correction of these is expected.

There is no indication that the basic 75% rate of taxation on the "excess" of profits over the standard base will be changed. While it is true that the United Kingdom has a 100% excess profit tax rate, a straight comparison of base rates does not reveal the true picture. Moreover, the same arguments of encouraging extravagance, discrimination and a rate so high as to defeat its own purpose are steadily heard in Great Britain. On the other hand, any reduction in the basic 75% rate would probably be the subject of severe criticism on political grounds.

Aid Expanding Businesses

So far as can be gathered at this stage, changes in the excess profits tax are likely to take more than one form.

In the first place it is believed that some allowance must be made for expanding businesses and particularly for retail businesses. Retail stores are now enjoying a large fortuitous increase in business. To meet it they have to increase their staffs, building up, it is recognized, larger organizations to handle increased trade but unable to count on either these organizations or their present profits being permanent. It is felt that such companies should be given some opportunity to build up reserves to meet the readjustment period. While industrial companies can get some relief from the War Contracts Depreciation Board or some special amortization

(Continued on page 4, col. 1)

Rail Earnings Continue Gain

From Our Own Correspondent

MONTREAL.—Combined gross earnings of Canadian National Railways and Canadian Pacific Railway Co. in February gained substantially over the same month last year. Total gross for the month of both companies was $34.4 millions, an increase of $4.7 millions, or 15.9%.

February gross was the highest for that month since 1929, although slightly behind January of this year.

Compared with 1933, depression low in railway earnings, gross for February was more than double the $16.6 millions total for February that year.

Still Idle Capacity In Aircraft Plants

House of Commons Given Detailed Report on Aircraft Industry — Howe Admits Forecasts Too Optimistic

Extensive review of Canadian aircraft production was made in the House of Commons last week by Hon. C. D. Howe, Minister of Munitions and Supply. Mr. Howe placed on the record details of work being done on more than $100 millions of airplane contracts. He tabled also the report of H. R. MacMillan, chairman, Wartime Requirements Board in respect of aircraft and other munitions work.

Mr. Howe admitted frankly that "our predictions for every branch of the airplane industry have been somewhat too optimistic." He admitted for the first time that "for the next three or four months we will be rather short of twin-engine trainers." At a press conference four weeks earlier (Jan. 31) he had stated: "We are absolutely protected for our air training plan."

Idle Plant Capacity

Two days of debate on aircraft production in Canada disclosed the need for more effective use of Canada's manufacturing facilities.

The report of H. R. MacMillan, chairman, Wartime Requirements Board, on aircraft and munitions production, disclosed that:

"Canada already has surplus aircraft production capacity but requires some planning to arrange to use it economically."

The report expressed the view that after the Joint Air Training Scheme and the R. C. A. F. are stocked up "say, the middle of 1941," the annual Canadian demand will drop to 750 or less planes of all types annually, and that the Canadian industry "as at present constituted far exceeds this market." The numerous existing units, it was stated, "cannot live on the above prospective Canadian market."

Below U. S. Standards

Difficulty of the Canadian industry in keeping abreast of new engineering and production ideas coming from the U. S. was also indicated in the MacMillan report.

It was pointed out that the Bristol Bolingbroke now takes 60,000 man hours for manufacture in Canada. The company in charge of manufacture (Fairchild) hopes to produce it eventually in less than 40,000 hours.

Yet a bomber, 50% bigger than the Bolingbroke, says the report, is budgeted for production in the U. S. in 20,000 man hours with the expectation of producing it in 16,000 man hours.

The report indicated that although wages were at present on the average lower than in the U. S., "efficiency is considerably less than in the U. S. on large machines such as bombers and is somewhere near the U. S. level on smaller planes such as primary trainers."

Anson Programme

Centre of the Commons debate was the Anson bomber programme under the direction of the Federal Aircraft, Ltd. On this programme the MacMillan report stated:

"Production might not start until after July, 1941, and might reach only 200 to 300 in 1941, but if carefully reorganized at several key points and if time lost by fail-

(Continued on page 4, col. 5)

Pools Battling Tax Demand

Wheat Groups Exert Ottawa Pressure to Avert Pending Levy

Following the indication that the three western wheat pools have been asked to file income tax returns, it is learned that the western members of Parliament have been flooded with propaganda in opposition to a move to tax these pools, thus placing them on the same basis as the other elevator companies with which they compete.

Presence at Ottawa of R. H. Millikan, K.C., Regina, solicitor for the Saskatchewan Pool and M. M. Porter, K.C., Calgary, solicitor for the Alberta Pool, supports this contention that strenuous lobbying is going on from representatives of the various co-operatives.

Investigation suggests that no new legislation is needed to bring the pools under the regular income taxation act of the Dominion. The exemption originally written into the act provided for an entirely different type of operation than that now carried on by these organizations.

Pools Change Set-up

The original set-up provided for dual organizations in each of the three wheat-growing provinces. The pools proper acted as selling organizations for wheat collected from farmers. The pool elevator systems carried on an ordinary business of handling wheat.

Up to 1931 the pools operated under a system of contracts with wheat growers, but this was abandoned for the 1931 crop. Subsequently, the three organizations operated small voluntary pools for a few years, but these did not handle any substantial amount of wheat.

Since 1931 the three pools have operated primarily as grain handling agencies, operating at present between 1,700 and 1,800 country and terminal elevators, providing about

(Continued on page 2, col. 6)

Ottawa Probes N. S. Contracts

Enquiry Is Made Into Charges on Airdrome Construction Projects

By STAFF WRITER

OTTAWA.—An extensive probe has recently been made at direction of the Government, it is reliably reported, into serious charges of irregularities in carrying out defense construction contracts in the Halifax area.

The enquiry was undertaken, The Financial Post is informed, at the instance of Hon. C. G. Power, Minister of National Defense for Air. It was conducted by W. N. Tilley, K.C., outstanding Toronto lawyer, with the aid of several auditors and other assistants.

It is not known definitely whether the investigation has been completed and a final, full report tendered to the Air Minister by Mr. Tilley. As far as can be learned, however, sufficient information bearing on the case has been put before Mr. Power and passed on to other members of the Government to cause considerable disquiet and concern.

Ordered Last Year

The enquiry is said to have been ordered by Mr. Power late last year—in mid-November or early December, according to one report—and at least an interim report made since then.

From such information as is available the charges appear chiefly to concern the development of the R. C. A. F. airdrome near Dartmouth. This project dates back several years before the war, gained considerable scope in the months prior to the war, and after the outbreak of war was extended and speeded up. The allegations are said to relate mainly to work on runways done during 1939, but which carried over and was expanded under the same contractor since the war started.

Charges Circulated

Detailed charges about performance of certain work on the project in the summer of 1939 have been circulated in what purport to be printed copies of an affidavit in Dec., 1939, by Georges Perrin, civil engineer of Dartmouth. The document identifies him as engineer in charge of work at the Eastern Passage airdrome from Oct., 1936, until Sept., 1939, except that after July 1, 1939, he had no connection with work under the cost-plus contract referred to in the purported affidavit.

The printed text records Mr. Perrin as stating that early in July, 1939, he was replaced as engineer on the work under the cost-plus contract, after he refused to pass accounts submitted by the contractor for

(Continued on page 2, col. 5)

Maclaren-Quebec Power Loan Proposal Approved

From Our Own Correspondent

MONTREAL. — Authority has been granted by Quebec's Public Service Board to Maclaren-Quebec Power Co. to issue $2 millions of 4% first mortgage sinking fund bonds series A, to the Bank of Nova Scotia as collateral for a $2 millions loan.

The loan will be used by the company chiefly to finance constructions. The principal work, involving an outlay of $1.5 million, covering the cost of additional storage work to increase the daily flow from the Lievre River.

The War And Business . . A Weekly Round-up

Practical Politics

There is one very significant angle to the airing of aircraft and other war "bottlenecks" such as took place in the House of Commons last week.

By midsummer the Government will be in the bond market for possibly $1,000 millions. And from many parts of the country have come insistent reports to Ottawa that unless and until satisfactory answers to present criticism and unrest are given, it simply won't be possible to sell bonds on the scale required.

There are two problems involved. First, the need for more action at Ottawa of a type to inspire nationwide confidence. Second, an improvement in governmental press relations once the Government gets its own house in better order.

* * *

$10 Billions of Debt

In the revised figures of Dominion-provincial finance prepared for the Jan. 17 conference, there appears a new and startling figure of Canada's total debt.

The total as at Nov. 30, 1940, is $8.9 billions.

The breakdown: Dominion of Canada and C.N.R., $5.9 billions; provinces, $2.2 billions; municipalities, $1.1 billion.

By the end of the present year this total will probably have risen to $10 billions. This is equivalent to about $3,300 per family.

* * *

The current letter of the First National Bank of Boston gives some approximately comparable figures for the U. S.

It points out that in his annual message to Congress, President Roosevelt estimated U. S. federal debt would increase to over $58 billions by June 30, 1942. Adding to this state and local debts of about $20 billions gives a grand total for U. S. public indebtedness of about $78 billions some time next year. Says the bank letter:

"This is the equivalent of $2,400 per family, and we have just embarked upon our military programme."

On the basis of these figures, Canada's public debt ratio is nearly 40% greater than the U. S.

Tax-raising Costs

Discussing the effect of war on income tax administration, Commissioner C. Fraser Elliott stated at Toronto last week that the cost of tax collection in his department had dropped from 3.1% in 1930 to 1.7% in 1940.

"We collect well over 99.5% of the taxes assessed. We are not aware of any who should be assessed not having been assessed."

He noted that his staff had remained constant at about 1,300 people during the past decade, until Oct., 1940, by reason of "appropriate internal changes and economies."

It has now increased to 1,650.

* * *

Community Planning

Formation of Wartime Housing Ltd. by the Government has brought to the fore suggestions made to Ottawa a year or more ago by architectural groups. These stressed need for community planning in the development of new wartime industrial "areas."

A prominent visitor from England reported recently that the general shift in industrial areas brought about by bombing raids is certain to be a major factor in postwar readjustment. He cited the decentralization of population from London which he expects to be permanent. For example, the Bank of England has built a huge camp in the country where it houses the 2,000 employees of its stock and loan registry department. Despite upset communications, no delays of consequence have resulted.

He maintains there is no reason why this department should ever be moved back to London; it would be far better to build a garden city somewhere out in rural England and leave it there. The same is true of life insurance head offices which "it would be a crime" to ever move back to London.

* * *

Lease-lend and Canada

It is not thought likely that the forthcoming budget will reflect the influence of the U. S. lease-lend plan as far as Canada is concerned.

Chief possibility is that the U. S. may urge Canada to get under the L.-L. umbrella rather than permit greatly increased restrictions on U. S. imports (citrus fruits, etc.) into Canada.

Washington has apparently been told that Canada can "get by" in 1941 on the available supply of U. S. dollars, but will probably need some aid under the lease-lend bill by the beginning of 1942.

* * *

More Restrictions

If restrictions are placed very heavily on more U. S. imports in the next budget, Canadian manufacture and sales of similar items will likely be curtailed.

Ottawa now realizes that we have now definitely passed the "twilight" stage. From now on there will be less willingness to "spare" luxury or non-essential items which compete in any way with needed labor or materials.

Announcement of the merging and closing out of several score civilian industries in the U. K. so as to shift all available manpower and materials to arms manufacture is in line with the type of "channelling" which may be necessary in 1941.

The report of the Wartime Requirements Board shows the potential bottlenecks which are facing various types of munitions. The report as published omits, of course, the vital gun programme which is perhaps the most pressing in the realm of "guns or butter" items.

* * *

U. K. View

The British "Economist" discusses supply difficulties in Canada in a recent issue. It says:

"Ottawa continues to put out highly optimistic reports about the progress of the war effort, but there is a growing impression that there is still a lack of co-ordination in the work of departments concerned with the programme.

"Some co-ordinating committees which have lately been established are full of zeal but there is still disturbing evidence of confusion of efforts and objectives."

* * *

Canada's Chance

Letters received this week from New York and Washington confirm the need for more active interpretation of Canada's position and war contribution in the United States. Says one correspondent:

"A certain amount of public discussion about Canada has appeared as an offshoot of the congressional debates. Ways of emphasizing the magnitude of the Canadian war effort would be helpful."

This is the other side of the argument put forward in the House last week by the Prime Minister. He said: "We have felt that Canada's position as a belligerent and a co-partner with Britain in the present war was well known in the United States."

* * *

Britain's Position

A concise, informative outline of Britain's present fiscal position and the extent of inflationary influences has been given by The Economist. The position, summarized, is this:

A year ago (Jan., 1940) total Government spending figured on an annual basis was at the rate of £2,275 millions a year. Three months ago (Oct., 1940) it was £3,850 millions.

In the first 25 days of Jan., 1941, it has been at the rate of over £4,630 millions a year—more than double a year ago and up a fifth in the last quarter.

Gross national income which was about £6,000 millions annually in Aug., 1931, must be running at the rate of £8,120 millions. Government expenditure, therefore, represents about 57% of it. The corresponding figures for 1941-42 are put at £9,000 millions for national income and £5,130 for Government expenditure.

Allowing for probable revenue The Economist suggests a gross "gap" of £3,400 millions at the least and probably more—about £300 millions a month. Against this are savings and other credits which cannot amount to more than £150 millions monthly.

This leaves a potential inflationary "net gap" of £150 millions. To quote The Economist this is "the sum that has to be met by increased taxation, by induced or compulsory saving, or by inflation. It is the figure that should set the tone for financial discussions of coming months."

Make Sure You See—

How War Speeds Oil Field Activity

Canada's Oil Fields—p. 13.

Oil Feature Section—p. 13-16.

Trends In Accounting To Shareholders

Modernizing Company Reports—p. 21.

How Taxes Win Race With Company Profits

Taxes Up 116.65%—p. 9.

Capital Assistance For War Plants

Howe Bares Details Government Expenditures—p. 20.

Employers Training of War Workers

War Workers Made—p. 12.

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The Nation's Business

(Continued from page 1)

dozens of dollar-a-year men to executive posts and departmental jobs. These men are needed; most of them doing excellent work. In any reorganization of war supply they would still be needed and their work would take on new significance and importance.

But all of them are still individually responsible to a minister who, because he is a minister, must be—and is—half an executive and half a politician. The minister is the only director and co-ordinator of their work.

The system is not a businesslike one and it is not working efficiently. It never can work efficiently.

Under the Minister of Munitions and Supply there should be a "general manager" of War Supply, responsible to the Minister, and armed with sufficient authority to enable him to get results all down the line.

Let us look on the breakdown in aircraft supply not as the basic weakness in our war effort but as the symptom of a basic weakness; a weakness that is an organizational one. The remedy for it is simple and the Prime Minister should take steps to apply it without further delay.

* * *

THE DANGER OF COMPLACENCY

We all know now why France fell. But when the debacle came last June it left the world stupefied because we had read for months and years about the impregnable Maginot line; about France's trained army of eight million men; about the indomitable courage of the French civilians. We saw pictures of French factories producing guns, shells, airplanes and other war supplies.

Later we learned that much of what we had been reading was misleading propaganda. France was producing almost no airplanes. Its munitions factories were running on short time. The Maginot line did not extend to the channel. The Government was split. The bureaucrats were still playing around with war.

The people of France did not know these things because criticism was not permitted. They became overconfident and complacent.

It was a terrible example of the tragedy that can result from oversecurity and confidence, when a people accept their government's disarming optimism and when there is no pointed, significant, well-informed critical analysis of the war effort.

* * *

Speaking last November Capt. Harold Balfour, Britain's Under-secretary of State for Air, expressed the British point of view toward criticism in wartime. He said:

"If you ask me how I believe we can achieve our maximum effort in work, in national service, and in saving, I would reply: Be discontented, be angry, be intolerant. Cultivate the offensive spirit in industry, as do our Air Force pilots in their fighting.

"We must be discontented with our efforts of yesterday and today, in each and every direction, just because we are riled at not being able to do more or achieve all we had hoped.

"Be angry, because the smallest sign of complacency in any one of us, whether he be a Minister of the Crown or the most junior worker in our munitions effort, is at once a sign of danger. In this war we must never be satisfied with what we are doing—no one can do too much. Let us be rebellious against waste and inefficiency.

"Be tolerant, because soft words, too much consideration for one's own or the other man's weakness, the possibility of smiling in order to make the moment more pleasant—all these are weaknesses. Only by being stirred against everyone who you feel is not doing everything they might—including oneself—only by this will we get where we want to, and where we must, in order to secure victory over the threat that faces us and the rest of the world."

* * *

Mr. Churchill himself has said only recently:

"I am sure there are an awful lot of things which could be done better, and I do not at all resent criticism. . . .

"His Majesty's Government welcomes the stimulus that the House of Commons and the press and the public of this island gives to us in driving forward our war effort, and in trying to gain an earlier inch or a more fruitful hour, wherever it may be possible."

The British people like to take their war facts straight. The grimmer the picture the harder they work to straighten things out.

The "Memorandum of Information" of the Imperial Policy Group puts it this way:

"The British public is at its best when taken into the confidence of its Government, its leaders and its publicists. We are perhaps the only country in the world—with the exception of America—which makes its best effort when all the facts are stripped of their coverings and placed before the public in their full reality and which also so often drifts into dangers through sheer lethargy."

The Financial Post believes that these views are sound and realistic. It feels that no graver mistake could be made by the Canadian people than to laspe into that overoptimistic type of confidence, that cheerful contentedness, that would lead them to exert less than the full and final effort for victory.

The Financial Post believes too that the Government will best unify and inspire the nation to such an effort by frankness, realism, and truth.

Canadians have plenty to crow about in respect to their war effort. But the crowing might well be left until victory is won. At the moment the more profitable operation is the examination of our war effort to see what must be done to make it truly efficient all down the line.

FEDERAL AIRCRAFT: ARTICLES CONFIRMED

Last week's calculated attack upon The Financial Post by the Minister of Munitions and Supply, repeated in the House of Commons two days later, was inspired by this newspaper's revelations of the delays in supplying Canada-built planes for the British Commonwealth Air Training Scheme.

It is important, then, to compare the statements made by The Financial Post with the facts, to the extent that they were revealed by Mr. Howe. Such a comparison impressively corroborates the evidence published by The Financial Post. Only in minor particulars did Mr. Howe's review fail to confirm The Post's articles on Federal Aircraft, that began as far back as November 30 last. In fact, at one point, Mr. Howe referred to material in one of The Post's articles as "absolutely correct, word for word."

* * *

On November 30, 1940, The Financial Post published an article headed "Red Tape Strangling Plane Production," in which it was stated that "Canada's potential capacity for turning out military planes is not being fully utilized" and "cannot be fully utilized with complete reorganization."

Last week Mr. Howe tabled the report of the chairman of the Wartime Requirements Board. It emphasized the need of Anson reorganization and stated bluntly that "Canada already has surplus aircraft capacity but requires some planning to arrange it economically.

* * *

In its December 7 issue The Financial Post reported: "Training Plane Shortage Threatens Big Air Plan." This was stressed repeatedly in subsequent issues, although as late as January 31, after his return from England, Mr. Howe had insisted: "We are absolutely protected for the air training plan."

Last week Mr. Howe admitted publicly for the first time that "our predictions for every branch of the airplane industry have been somewhat too optimistic" and that "for the next three or four months, he (Hon. C. G. Power) will be rather short of twin-engine trainers."

* * *

In its February 15 issue The Financial Post published details of the recommendations made by aircraft manufacturers to the Government in looking to the reorganization of the plan to manufacture Avro Anson planes. The letter, as published by Mr. Howe last week, was word for word as published by The Post except for one additional paragraph, that did not alter the sense of the recommendations and which was not included in The Post's article.

* * *

In the February 15 issue, The Post reported that Ernest R. Breech, American aviation expert, was brought up to make a study of Federal Aircraft. It is reported that Mr. Breech's report was "understood to be" scathing in its denunciation. Mr. Howe admitted that Mr. Breech's services have been engaged in connection with the MacMillan-Carmichael survey of munitions production. He said he was sure there was no written report. He had not "seen" it. Mr. Breech's comments were verbal. Mr. Howe gave no information as to their character. In view of this it remains to be seen if The Financial Post's information was wrong.

The only material point where there was any difference between The Post's articles and the facts revealed by Mr. Howe's own record was in respect to the report that Mr. MacMillan "is said to have recommended" that Federal be abolished. As published by Mr. Howe, Mr. MacMillan's written report did not contain this recommendation. But it called for careful reorganization of the Anson programme at several key points.

* * *

The chief result of The Financial Post's efforts has been, therefore, that new pressure has been put behind the Anson programme; there has been some reorganization of the plan of production in an endeavor to get results; and Federal and its associated companies are pitching in, in an attempt to bring the programme up to date.

All this is gratifying and fully justifies The Financial Post's revelations and criticisms as an act of public service in wartime.

* * *

Everyone would, however, be much more gratified if there were greater reason for believing that even Mr. Howe's somewhat modified optimism regarding Avro Anson planes is justified; and if there were more assurance that the "considerable reorganization" that Mr. Howe speaks of has been fully carried out and will be sufficient to get results.

Everyone will now want to give the officers and directors of Federal Aircraft a chance to live up to Mr. Howe's promises. There is a good deal of confidence in the company's new general manager, W. A. Newman, but he suffers under the handicap of the serious blunders made in the past. If Federal cannot get full results it should not be retained.

What the public wants is planes for the Air Training Programme. The real measure of success achieved must be planes and planes alone.

As for our war programme as a whole, The Financial Post reiterates its view that the real lesson of the Anson breakdown is the weakness it reveals in the larger organization of War Supply in Canada.

MacMillan Hits Failure To Use Full Resources

From Our Own Correspondent

VANCOUVER. — If Canada has pulled her punches in this war, the cause is not unwillingness of Canadians to sacrifice man power and money. It is because those in authority have failed to make effective use of that contribution.

That is the considered view of H. R. MacMillan, Vancouver industrialist and chairman of Canada's Wartime Requirements Board, after several months' intimate contact with Ottawa's administrative and executive machinery.

To a group of Vancouver's leading businessmen Mr. MacMillan last week gave a candid review of his impressions of the national situation. He made particular reference to the mobilization of the country's industrial resources for victory. He declared:

"The people of Canada have a right to demand efficiency in government and in all the departments that are clothed with authority and control over Canada's war effort. They have a right to demand that incompetents and bunglers be removed from office—promptly and ruthlessly. We may be able to tolerate misfits in peacetime, but not in war."

Need Able Men

Mr. MacMillan asserted that Canada's form of government was sound, but the structure must be supported by able men fully qualified for their job; otherwise the country could not hope to achieve the desired results. He said:

"When we finished with the last war, we were lulled into a sense of false security, believing that even in the improbable event of war strong neighbors would protect us. It is a part of our terrific handicap that we must reorganize our whole viewpoint as well as our military and industrial machinery—and do it suddenly, without time for careful preparation.

Distant From War

"Even now Canadians do not begin to realize the full extent of the responsibilities that war has imposed on Canada, the vital need for effective action all along the line. We are still a long, long way from war—in a geographic sense; spiritually and economically we should be right in the heart of it.

"That was Britain's advantage, even though in the years of muddling and appeasement she failed to realize it to the full. But Britain has a tradition of war and geographically she has been close to it for so many generations that the conversion from the spirit of peace to the spirit of war is an easier and swifter process. Britain knows what war means; Canada doesn't.

Canada Learning

"But Canada is learning. When war broke out we had no arsenals, no tools and few technicians. We didn't even have a blueprint for wartime industrial mobilization. There was no mental preparation on the part of the people.

"Every department of our Government was designed and staffed not for war but for peace and tranquillity. Accustomed to only about $100 millions as our annual controllable expenditures, we have seen that figure rise until today it is closer to $2 billions a year.

Lack of Realism

"Members of the Government are over-worked. Authority has not been divided and delegated as it should be among able executives from the banks, railroads, insurance companies and general industry.

"This sort of a policy in our national affairs in wartime would never be tolerated, even in times of peace, in a well-regulated private enterprise. In my own companies we all work to the balance sheet. If there is anything wrong when we check up on the balance sheet we find where the mistakes are made and see that they are corrected.

"In this case Canada's balance sheet is the war. Nothing else matters, and if there's anyone in the war organization that isn't pulling his weight he should get out or be put out.

"We can't win a war by being pleasant about things. We should make it our business to see that our machinery for waging an effecive war is running smoothly, and we shouldn't be sidetracked by political, racial, geographical, religious or any personal considerations. All those relatively petty things should be swept aside ruthlessly. They simply don't count."

Tribute to Britain

Mr. MacMillan said it would always be a marvel how Britain, with a population only three and a half times that of Canada and with lower per capita wealth and earnings, lower production and lower per capita use of power, had been able to challenge the might of a fully organized military power on so many battlefronts.

Britain had millions of men in uniform, her navy controlled the seas, her merchant marine continued to "bring home the bacon," her workers continued to do an efficient job while bombs rained death on them. Mr. MacMillan added:

"The savings of Britain of the last 100 years are today paying overseas costs of building planes, navy, army equipment and 125 ships yearly of 10 million tons.

Too Long Protected

"If Canada performed the same task on a per capita basis she would have 600,000 men in uniform and 1,400,000 men on war production, with war expenditures mounting to $12 millions daily. We are not doing that because we haven't had our backs to the wall, as Britons have had; because others have protected us too long; because we are too far from oppression and injustice.

"We might as well realize that the old order is gone, that the new conditions are already here. No man owns his property or his job. All are at the service of the state.

"Labor must see that it cannot retain or extend its social gains except by the fruits of increased production —by an earned victory. The same applies to the property owner and the capitalist.

"There should be no such thing as protecting any one locality, any one province, any class against the results of this war, even if our Allies win an early, clear-cut victory.

MacMillan's Report Reveals

(Continued from page 1)

grammes presents no real problems. Skilled management, skilled labor, ample supplies of materials have resulted in the completion in time, within the period of one year, of construction projects involving an annual per capita effort at least 20 times as great as that involved in building of the Panama Canal by the U. S. A.

Construction enterprises now in hand will be completed on time and should practically finish by July 1, 1941, releasing man power for other needs.

With the experience gained, future construction can be done on a more economical basis if plans are reviewed before commitments are made.

Military Garments and Personal Equipment

This production involves no problem.

An immense volume was completed of a high quality, at a low cost, within a short time.

There is great excess capacity available upon short notice.

Chemicals, Explosives

The plant programme ($106 millions) and organization has been the greatest ever undertaken in Canada. Completion has on the average been within estimated dates.

Plans now provide for expansion during 1941 at a capital cost for plant of about $25 millions.

Production apparently will equal or exceed volume expected and within contract date subject only to:

(a) Securing enough technicians.
(b) Uninterrupted flow of essential materials.
(c) No delays on equipment not yet delivered from the U. S. A.
(d) Training labor.

An additional supply of technicians such as chemists might be drafted from less essential industries.

Machine Tools

Everything in maintenance of present contract obligations or under additional obligations depends upon receiving machine tools. This applies particularly to—

Tanks — Guns
Aircraft — Ships

As well as to all other metal munitions.

The dominant features are:

Canada's machine tool production can supply perhaps 20% of Canada's present war needs—80% come from the U. S. A. Canadian deliveries are worse than U. S. A. deliveries.

Machine tools ordered for delivery by December 31, 1940, were 70% delivered, the other 30% being deferred to 1941.

The growing intensity of American defense production in spite of best efforts of Canada's representatives tends to increase both frequency and length of delay.

It is doubtful if all the machine tools needed for important operations, such as guns, tanks, aircraft, and increased ship production are yet ordered.

Small tools and gauges present the same type of problem. Gauges and small tools are not nearly all ordered. All plants capable of making them are working to capacity. Of the approximately 40,000 gauges ordered, about 19,000 have been delivered and deliveries are running about two months late.

The production capacity for small tools and gauges may have to be doubled or trebled immediately, for which personnel and labor can probably be found, but success in which depends upon early delivery of machine tools from U. S. A., all of which have not yet been ordered.

Tanks

1. **Mark III Cruiser Tanks.**

(a) The problems are:

Armor plate to come from Steel Company of Canada—plant to be completed May-June, 1941. May be delayed by equipment from U. S. A.

Engines—not yet purchased.

Transmissions — not yet purchased.

Suspension unit — not yet purchased.

No drawings yet received for gun mountings.

Machine tools not yet all ordered.

If cast steel to be used instead of armor plate for hull, which seems likely, drawings are not yet complete.

(b) The contractors are excellent and if above delays are removed will make good time. Present estimates are to begin October, 1941, and produce 60 by December 31, 1941, and 150, January to March, 1942.

Ottawa Probes N. S. Contracts

(Continued from page 1)

operations in the preceding month. He based his refusal, the statement says, on conviction that the charges in the accounts were excessive and failed to conform with the contract terms.

Stevens Criticism

Charges similar to those in the printed affidavit, and possibly based on it, were made during the election campaign a year ago by H. H. Stevens, onetime Minister of Trade and Commerce in the Bennett Conservative Government. Newspaper dispatches from Winnipeg early in March, 1940, quoted Mr. Stevens as charging that a contractor for airport runways at Halifax had moved in broken-down rock crusher that took four weeks to repair. The Government had not only paid for the cost of repairing the machine, Mr. Stevens was reported as saying, but for operation of the unit at a rate several times that set in the contract for new equipment.

From Feb., 1938, until June, 1939, the printed affidavit declares, the construction and other work at the airdrome was done by contract at a fixed rate for different types of work. In the spring of 1939, it is stated, it was decided to do extensive work in completion of runways on a cost-plus basis, and a contract for grading and surfacing was awarded by the Department of National Defense. At this time Hon. Ian Mackenzie was still minister of that department.

The Stevens charges and the Perrin document appear to have dropped out of sight until recent months, when they finally came to the attention of Air Minister Power and led to his launching an enquiry.

Pools Battling Tax Demands

(Continued from page 1)

35% of all the storage space in western Canada.

When the contract system was abandoned, it is contended, the pools also abandoned their former basis for exemption from taxation. This is the foundation for the argument that it only requires enforcement of existing legislation to bring them under regular taxation.

Prior to the end of the contract system of operation, an attempt was made by the income tax department to tax the pools, but it failed. Apparently the reason for this failure was that the department was not seeking to apply its tax on the proper source. The pools, under their original basis of operation, deducted two cents a bushel from the amount remitted to each grower for payment for the elevator system being built up. There was also a deduction of 1% of the gross selling value of the wheat as a commercial reserve. By 1928 or 1929, the pools had accumulated about $29 millions from these two sources.

It was the deductions for these two purposes that the income tax department attempted to tax, but this resulted in failure. Actually, it is admitted now, these deductions were in reality providing the capital on which the pools operated. They paid for the elevator systems and gave working capital.

Now it is contended, the really taxable income is the revenue from the employment of this accumulated capital, now represented by the 1,700 elevators and the other resources of the pool elevators companies.

The point is emphasized that since 1931 when the pools ceased to operate under the original plan and the wording of the exemption ceased to apply to them, they have operated as ordinary elevator companies. It is recognition of this changed status that may be pending.

It is said that the income tax department has recently been assessing a large number of small co-operative businesses that do not come under the exemptions defined in the act. These organizations are objecting and it is expected that an organized deputation will visit Ottawa on their behalf.

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DIVIDEND NOTICE

Hollinger Consolidated Gold Mines Limited

DIVIDEND NUMBER 342

A regular dividend of 1% has been declared by the Directors on the Capital Stock of the Company, payable on the 25th day of March, 1941, to shareholders of record at the close of business on the 11th day of March, 1941.

Dated the 4th day of March, 1941.

I. McIVOR,
Assistant-Treasurer.

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Going concern, location Southwestern Ontario.

BOX 43, THE FINANCIAL POST TORONTO

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Box 41, The Financial Post

Ymir Yankee Girl Gold Mines has declared a dividend of 2 cents a share payable Mar. 31 to shareholders of record Mar. 15. This involves a distribution of $44,500.

RAIN OR SHINE

All-Weather Coats

IT'S not likely you'll ever be in the predicament of the gentleman shown above; but you *will* run into plenty of undecided weather between now and next winter. The obvious answer, of course, is an all-weather coat. And the place to get it, Simpson's. At Simpson's you'll find a particularly interesting selection of all-weather coats from England, where making all-weather coats that incorporate style and serviceability is a time-honoured tradition. Prices, in spite of the excellent styling and workmanship are attractively moderate. Choose your favorite coat today!

Simpson's

THE STORE FOR MEN
SECOND FLOOR

London Calling

By Atticus

Beaverbrook Dines With Future United States President — Career of a Dreamer

LONDON.—Just before his return to the United States the other day Lord Beaverbrook gave a dinner party in honor of Harry Hopkins and invited some 40 M.P.'s When introducing his guest Lord Beaverbrook said: "I am certain of one thing. I have dined this week with the future President of the United States." After an effective pause he added: "It is only fair to say that I also gave a dinner for Mr. Willkie last night." Thus did our Minister for Aircraft Production straddle the situation of the dual visit.

Mr. Hopkins might be an American Hamlet. When he makes a speech he soliloquizes —and to excellent effect. He is thin, slow-moving, humorous and able. He speaks in a soft, musical drawl and without obvious preparation, but says exactly what he intends. Like all American politicians and diplomats he uses the homely language of the ordinary man and speaks of the great as "a nice fellow" or his opponent as "the other fellow."

His admiration for Mr. Churchill is sincere and complete. One night, early in his visit, he was listening with the Prime Minister to the nine o'clock news when the items were rather disturbing. At the end Mr. Churchill shut the radio off and said: "I think I'll buy a gramophone instead of this thing."

The next day Mr. Hopkins went out and bought a gramophone, which he has given as a present to the Premier. All very human and not very important, but in keeping with the ever-growing friendliness of Anglo-American relations.

• • •

English Humor

The only other speaker at the Hopkins dinner was that serious humorist, A. P. Herbert, M.P., who was in a felicitous mood. He attributed Drake's popularity for playing bowls after the Armada was sighted, and Nero's opprobrium for playing the violin while Rome burned as a perfect example of the distinction drawn by Englishmen between sport and art. Another excellent touch was his statement that Gibbon sat in the House of Commons for eight years without speaking and then went out and wrote a topical work called "The Decline and Fall of the Roman Empire."

• • •

Lord Cecil's Career

The published autobiography of Viscount Cecil reminds us that there are men who will follow their dreams as others follow their stars. Lord Cecil's name has become so completely associated with the League of Nations that it is difficult to realize that he was Minister of Blockade in the last war and waged a ruthless campaign to stop the imports of the Central Powers.

After the war the ideal of the League gripped his imagination and his soul. With his tall frame, his stooped shoulders and his monkish appearance he went through all the phases of that great but tragic experiment. In the golden days of the League Lord Cecil was a mighty figure, more influential than a Cabinet Minister and with a constituency that embraced many tongues and many countries. When its decline set in he fought for it as if it were his child. Finally, when Munich exposed its complete impotence he became a pedlar of dreams.

M. Kerensky once said to me that a nation which had enjoyed freedom for a day would never be content for long under a dictatorship. Perhaps the fact that there was once a League of Nations will mean that some such structure will rise again. If so, it will be a memorial to the tall, pensive Cecil who never lost faith.

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No Merging Major Parties For Canada

See Little Hope of Union Government During War

From Our Own Correspondent

OTTAWA.—By unanimous decision Canada is now committed to the two-party system for the duration of the war.

This fact, much the most important in the political sphere since the outbreak of war, became clear late last week when Hon. R. B. Hanson declared the Conservative Party to be opposed to a union government. Mr. Hanson's speech, following the speech of Rt. Hon. Ernest Lapointe earlier in the week, commits both of the two major parties to this policy.

Said Mr. Hanson, in an interview with the press:

"I do not want a union government in the sense of the old union government. . . I never had such a thought in my mind.

"I believe that there should be created and set up in Canada, for the purpose of winning the war, a government composed of national figures. I have no intention and never had any intention of joining the present government or the kind of government I think should be formed. I know that I can serve Canada better by staying where I am."

Lapointe Stand

Said Mr. Lapointe, Minister of Justice and senior lieutenant of Prime Minister King:

"My province (Quebec) is unanimously opposed to the proposal. The mere mention of the name 'union' government brings forth painful memories which it is almost a crime to resurrect at this time. I do not feel that I could sit in such a government if I were asked to do so and represent my province.

"In a democracy the designation of the rulers of those who are to be governed is and must be made by the vote of the people. I beseech the promoters of this scheme—and I know they are anxious that Canada should give of its best war effort—to let well enough alone."

It can be said of Mr. Lapointe's speech that it was made without prior consultation with the Cabinet or the Prime Minister. But it does represent the considered view of the Quebec ministers.

Position Changed

Whatever the political consequences of Mr. Lapointe's speech might have been, the statement four days later by Mr. Hanson changes the whole position.

The Hanson statement, unlike that of Mr. Lapointe, was made after careful consideration and consultation with leading Conservatives throughout the country. It is the result of discussions which have been proceeding since last summer.

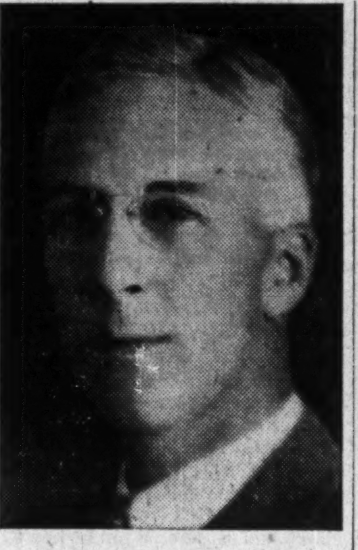
Actually the decision is to reorganize and revitalize the Conservative party and to set it up as the alternative to the present government.

Reorganization Goes Ahead

The reorganization of the Conservative party has already proceeded to the point where an income of $60,000 per year is assured. The national headquarters will be reopened and party publicity will be resumed. Mr. Hanson's staff will be increased to include experts who can keep him intimately posted on developments over the broad field of war activity.

Thus the political truce which, with the interval of the general election, has obtained since Sept., 1939, is now over. The battle is rejoined and the first effects are already discernible in the more resolute criticism being offered in the Commons. Mr. Howe got a very severe combing last week. A year ago his mere word would have been accepted.

Naturally the Liberal party will have to follow the Conservative lead. The Liberal headquarters has been moribund since Sept., 1939, and the office was to be closed up when the lease expired this May. Resumption of full activity may now be taken for granted.



PRESIDENT

Hugh Percy Thornhill, who was elected president of the Dominion Mortgage and Investments Association at the recent annual meeting. Mr. Thornhill, who succeeds J. A. Rowland, K.C., is joint treasurer of the Sun Life Assurance Co. of Canada, and holds directorships in Asbestos Corp., Fraser Companies, Cornwall Street Railway, and Stormont Electric Light & Power Co.

"A Realistic Picture of the Situation"

The following leading editorial was published in the Hartford Courant, Hartford, Conn., the oldest newspaper of continuous publication in America.

A Canadian View of H. R. 1776

That admirable Canadian newspaper for businessmen and investors, The Financial Post of Toronto, has been following the discussions in Congress on the Lease-Lend Bill very closely and it poses this question: "Will the American people consent to turn their airplanes, guns, tanks, rifles and other war equipment, valued at billions of dollars (over to England) as a virtual free gift to the British people and at the same time be content to see a substantial percentage of them sunk?"

That is a question, it says, to which Congress has as yet paid little attention. The Financial Post then goes on to say that the only American production that will be helpful in winning the war is that which is laid down at the battle front. Although Britain desperately needs ships, the article continues, she needs "increased naval aid for convoy purposes to insure that the new ships, as built and as loaded with American and Canadian arms and food, will not be sunk." It then tells us that in Washington "those who usually see developments months in advance of their fellows are already forecasting that it must not be one of giving aid to Britain, but of delivering aid to Britain."

Atlantic Life-line

Discussing this matter further, The Financial Post says that the most vital sector of the war is the Atlantic life line, and it states as a fact that many more ships have been disabled by air bombings than are admitted in the statements of weekly losses. Because of this "there is an increasing conviction that United States convoys to Britain cannot be much longer delayed and that they must and will be forthcoming once the Lease-Lend Bill is passed." The argument is then repeated that if American production is to play an important part in the winning of the war its "tools, engines, planes, etc., must reach their destination."

All this seems to present a realistic picture of the situation, and despite all the denials from Washington we look to see our Navy used to convoy shipments to Britain once the Lease-Lend Bill is out of the way. That bill, even if it should contain a provision against convoying, would not preclude the use of our naval vessels for that purpose. The President as Commander-in-Chief of the Army and Navy is authorized to direct the movements of the naval and military forces placed under his command, and to employ them in a manner which he may deem most effectual. It has been held by the Supreme Court in numerous cases that army and navy regulations made pursuant to the authority conferred upon the President have the force of law. Although Congress alone has power formally to declare war and to prosecute it by all the means in its power, the President may find that an actual state of war exists and take such steps as he deems necessary in the absence of congressional action.

The so-called "protecting amendments" already written into the Lease-Lend Bill, and those that may be made as a result of the debate now going on in the Senate, actually amount to very little in view of the powers that the President possesses as Commander-in-Chief of our military forces. This seems to be pretty clearly understood by The Financial Post, hence its comments as here quoted have a deep significance. We are already in a state of limited war and there is no telling when all limits will be removed, Lease-Lend Bill or no Lease-Lend Bill.

The Democratic platform may have said, "We will not participate in foreign wars, and we will not send our army, naval or air forces to fight in foreign lands outside of the Americas except in case of attack." The Republican platform may have said that the party "is firmly opposed to involving this nation in foreign wars." Mr. Roosevelt may have said in one of his campaign speeches, "Your President and your Secretary of State are following the road to peace. We are arming ourselves not for any purpose of conquest or intervention in foreign disputes." But day by day we seem to be drawing nearer and nearer to the brink of war, as a means toward which the Lease-Lend Bill in its present form may prove to be, wittingly or unwittingly, an effective instrument.

How one busy executive "stepped up" his personal efficiency

● Mr. R.........., an extremely capable business man, found that much of his time and attention were being diverted by personal investment matters. He finally decided to have the Crown Trust Company take over the management of his investments. An arrangement was made whereby we would not only manage his investments, but also would pay the income to his aged mother and a sister, whom he was supporting. Thus, with a stroke of his pen, he freed his mind of many worries — to the immediate benefit of his business.

Crown Trust Company

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New Books • • • • •

England Under Fire

THEY'LL NEVER QUIT. By Harvey Klemmer. Published by Longmans, Green & Co., Toronto. Price $3.

Mr. Klemmer has given us a good book. This reviewer started to dip into it here and there, to sample just enough of it to enable him to write a brief commentary. He read the first chapter and kept on reading. He never moved until, three hours later, he had finished the last chapter.

Harvey Klemmer is an American author-diplomat who was attached to the American Embassy in London until a few weeks ago. He watched the British people in their struggle for national survival. Now he has put the story down in 321 dramatic, exciting pages that might be described by saying that they are Ralph Ingersoll-plus. There is tragedy, comedy, news and interpretation in this most remarkable story of England under fire.

There are a thousand things one wants to quote and perhaps it is well that there is not space for this as too much by way of hors d'oeuvres might take the edge off the reader's appetite. By Mr. Klemmer has studded his story with tales of high courage. He has rounded up all the more amusing incidents of Britain's siege. He is almost brutal in his description of damage done and of torn and bleeding bodies. Those who know England will be able to read of what has happened to some of the London streets and country villages they know so well.

A few of the more interesting chapters deal with the invasion of last September that didn't come off; and with the rather unconventional but lovable habits of the Canadian soldiers in England.

The Failure of Trade

GREAT BRITAIN UNDER PROTECTION. By Frederic Benham.

A HISTORY OF FRENCH COMMERCIAL POLICIES. By Frank Arnold Haight. Published by Macmillan's in Canada, Toronto. Price $2.75 each.

The evidence seems clear that we are at war again today because there was no clear-sighted leadership to give us economic peace after the Armistice of 1918. The economic warfare continued and was, in fact, intensified. Gradually the world drifted into depression and the only remedy anyone tried for depression was economic self-defense. Undisposed to lock themselves together in an economic raft that would have saved them all, the nations sank one by one into the sea of crisis. And in due course war came again.

Always interested in exploring the reasons for war with the possible roads to peace, the Carnegie Endowment has sponsored this series of studies of commercial or tariff policy in the important countries. Two volumes have already appeared — Mr. Haight's "History of French Commercial Policies" and Dr. Benham's "History of Free Trade and Tariff in Great Britain."

The two volumes tell a sadly similar story of free trade, or comparatively free trade, gradually disappearing under the impact of post-war conditions and giving way to policies of economic nationalism that helped save the day in one case for France and in another case for Britain but that were not yet for the world as a whole.

Mr. Haight's volume contains a particularly useful study of the economic "war aims" of the last war. He tells of the conflict between those who fought to destroy German economic power and those who fought to make a good citizen out of Germany in the comity of nations.

Very wise is his concluding chapter which shows that the future of tariff and trade rests largely with the outcome of the present trouble between conflicting ideologies. In regimentation, dictatorship and socialism—that is to say in the domination of the state over the individual —there is no promise of any free intercourse between the nations.

Dr. Benham's survey concludes with the opinion that before this war broke out Britain was already turning away from high tariff and even from too narrow imperial preferences to policies of freer economic intercourse with the world. But the war put an end to all such hopes temporarily.

Canada in Miniature

CANADA AND THE UNITED STATES. Published by World Peace Foundation, Boston. Price cloth, 50c.; paper, 25c.

This is the second in a series of pamphlets under the general title "America Looks Ahead." Professor Scott is Professor of Civil Law at McGill University.

His little volume will give Americans a quick conspectus of Canada. He argues that the more Canada contributes toward an overseas war effort the more we push ourselves toward financial dependence from the United States. He sees the two countries working together to achieve new social adjustments.

Human vs. Property "Rights"

LIFE, LIBERTY AND PROPERTY. By Alfred Winslow Jones. Published by Longmans, Green & Co., Toronto. Price $4.50.

A leading Canadian senator has made several excellent addresses designed to show that the conflict between property rights and human rights do not, in fact, exist except in the imagination of hysterical social reformers. Property rights and human rights are one and the same thing, he says with emphasis.

Nevertheless it is abundantly proved that in many actual social or class conflicts the average individual finds himself torn between his desire to respect the rights of private property and his sympathies for some personal or human right which seems not to be easily reconciled with that property right. The leftists prey upon these doubts and fears and are seeking to implant the idea in the public mind that to own something is anti-social. How far has this propaganda swayed public opinion?

This volume is an attempt to answer that question; to study how the average person reacts when he is presented with a difficult and complex problem involving property rights versus some person's welfare. The author tells of a survey made in the City of Akron. There some 1,700 people, representing every class in the community, were presented with a set of actual case histories of social conflict and asked to state their attitude toward them. The case histories included such difficult matters as a foreclosure on a farm, a sit-down strike where tear-gas had to be used to dislodge stubborn workers and the threat of a big corporation to move its plant to a city where it could hire workers more cheaply and thus avoid bankruptcy. Each case was one that was so evenly balanced that there was no clean-cut obvious distinction between right and wrong. Each case contained within it the elements of conflict between property rights and personal rights.

The results have been carefully tabulated and analyzed. We may judge from them that the public (assuming Akron is a fair sample) would block any determined effort to break down private rights in property. But most people would violate property rights if it would alleviate human suffering.

But the public has more respect for the property of "small" people than it has for the property of wealthy people, the banks or what it regards as "the interests."

On the whole, people try to be fair and reasonable in their attitudes. There is, however, some sign of class lines developing in modern American society. Between, for instance, C. I. O. workers and business leaders there is a sharp cleavage. But between these two extremes stand a great middle class who have grown up in the North American tradition and still believe, as the survey abundantly shows, that there must be overwhelming reasons for it before they will approve an attack upon the right of the individual to enjoy the benefits of what he has earned or built up by his industry or his ingenuity.

Priestley Speaks

BRITAIN SPEAKS. By J. B. Priestley. Published by Macmillan's in Canada, Toronto. Price $2.75.

The essence of democracy is understanding. And in this war nothing is more important than that each branch of the English-speaking people should understand the other branches. In telling why they are at war, the people of Britain have had many spokesmen. But the two masters are Winston Churchill and J. B. Priestley. One has spoken as the inspired statesman leader of embattled democracy. The other has spoken for the plain man on the street, telling of his daily life, his little hopes and fears, his own part in the struggle.

In "Britain Speaks," the series of broadcasts that Mr. Priestley addressed to the people of the United States and Canada are reproduced in full. The story is simple, moving and yet dramatic in its way. It unfolds slowly and even the author, as he wrote the first broadcast, did not know what would be in the later ones.

Law For Laymen

THE LAW OF MASTER AND SERVANT. By M. Shelly Millstone. Published by Blackstone Publishing Co., Toronto. Price 75 cents.

This is another in a series of small popular handbooks setting forth the laws of the Province of Ontario in layman's language. This covers all the major statutes relating to employer and employee and in addition to the general law deals with such matters as unemployment insurance, workmen's compensation, industrial standards, minimum wage act, strikes and picketing, etc.

Ham. United Theatres Pays 1¼% on Preferred

Although attendance at the company's two theatres was higher throughout 1940, owing to heavier taxation Hamilton United Theatres has not increased its dividend rate above the 5% rate struck for the preferred stock with the payment of Sept. 30, 1940. Latest disbursement of 1¼ will be paid Mar. 31, 1941, to shareholders of record Mar. 15. Following this payment arrears on the 7% preferred stock will amount to $20 per share.

The Home Front

Ski Expert Helps

Jose Weider, once a top-flight ski champion in Czecho-Slovakia, is now in Canada as ski instructor at the Alpine Club, Ste. Marguerite, P.Q. He is giving a lecture at Eaton Auditorium, Toronto, on the evening of Tuesday, March 11, on ski technique.

The proceeds of the lecture will go to the British War Victims Fund of the Evening Telegram.

ANOTHER SALE . . . . Perhaps!

There goes your merchandise. There goes the result of your salesmen's spadework and of your credit manager's faith. There goes your working capital. For 30, 60 or 90 days, there will be nothing to show for it all but some intangible figures on a ledger page.

What is the actual value of your receivables? Which accounts will be paid? How many will default, and for how much? Nobody knows!

CREDIT INSURANCE

protects your receivables at a reasonable cost. Your capital is safe. Your profits are assured when you ship.

Investigate Credit Insurance today. See how satisfactorily it functions in settling insolvent accounts, in liquidating delinquent accounts and in protecting policyholders on reorganization under the Companies' Creditors Arrangement Act — 1933.

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AMERICAN CREDIT INDEMNITY COMPANY OF NEW YORK

Executive Offices: Baltimore, Maryland

TORONTO OFFICE The Metropolitan Building Phone: ELgin 9303

MONTREAL OFFICE Canada Cement Building Phone: LA. 3258

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P4

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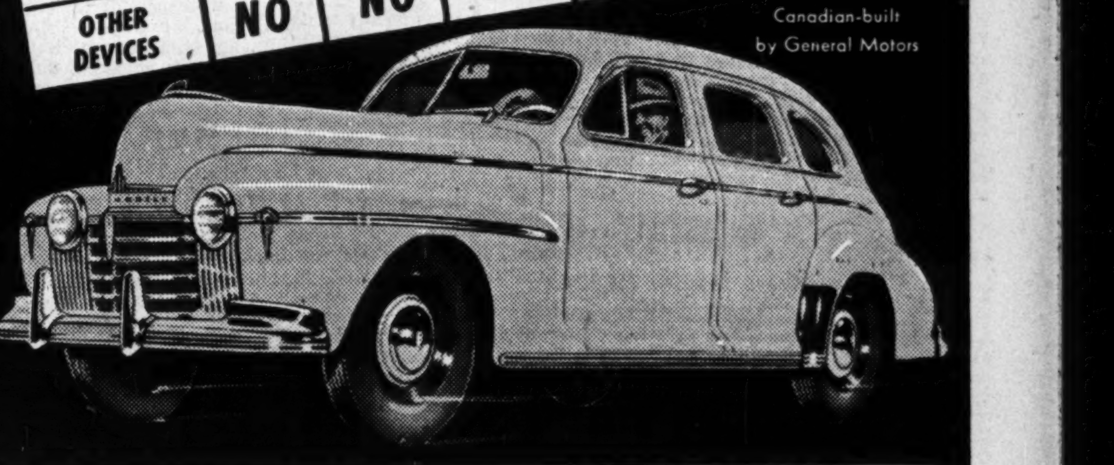
...but Just One Kind of Drive is Completely Automatic..has No Clutch ..Never Requires Manual Shifting, even for Quick Acceleration!

	DOES IT ELIMINATE THE CLUTCH PEDAL?	DOES IT DO AWAY WITH ALL CLUTCH PUSHING?	DOES IT GIVE YOU FULLY AUTOMATIC SHIFTING?	DOES IT GIVE FULL ACCELERATING POWER WITHOUT MANUAL SHIFTING?	DOES IT HAVE A SPECIAL PICK-UP GEAR?	DOES IT ALWAYS REMAIN IN GEAR WITH NO FREE WHEELING?
HYDRA-MATIC DRIVE	YES	YES	YES	YES	YES	YES
OTHER DEVICES	NO	NO	NO	NO	SOME	SOME



That's why you must try HYDRA-MATIC DRIVE!

If *you* haven't tried Hydra-Matic Drive—if you haven't experienced the ease and simplicity of *completely* automatic shifting—take a trial run in Oldsmobile with Hydra-Matic, *today!* In spite of similar names and similar claims there's nothing else in the world like Hydra-Matic. No other drive offers *half* as many advantages. No other drive has *no* clutch. No other drive gives full accelerating without manual shifting! For a motoring experience that's utterly new and different try an Oldsmobile with Hydra-Matic, *today!*

Work for Victory... Lend to Win!

BUY WAR SAVINGS CERTIFICATES

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FOR INDUSTRY

Speed the work of plant expansion with * J-M Built-Up Asbestos and Asphalt Roofs * J-M Roll Roofings * J-M Insulating Board * J-M Asphalt Tile Flooring * J-M Rock Wool Insulation * J-M Asbestos Wall Boards * J-M Expert Acoustical Service and Specialized Materials.

FOR THE HOME

Modern materials that protect against fire, weather and wear. J-M Cedargrain Asbestos Siding Shingles * J-M Asbestos and Asphalt Roofing Shingles * J-M Rock Wool Home Insulation * J-M Asbestos Flexboard and Wainscoting * J-M Decorative Insulating Board.

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Investment Trends

Continued Crisis Threat Keeps Interest Low

Time Will Bring Solution to War Worries and Show Earnings and Dividend Background in Better Light

Investors have been paying much more attention to news from Europe and other battle fronts recently than they have to the stock market. As a consequence, there have been no important developments. Trading volume stays at low levels while prices, as indicated by the various indices, give no new indications of the direction of the trend.

The psychological factors are hardly likely to change so long as we continue to await some new climax in the war. Where it is going to come from first is probably not nearly as important as the possible outcome. While this condition continues, investors can be prepared for serious shocks to their confidence.

It seems well, however, to keep an eye on the background operating behind the stock market. Time will bring a solution to the wartime difficulties of investment.

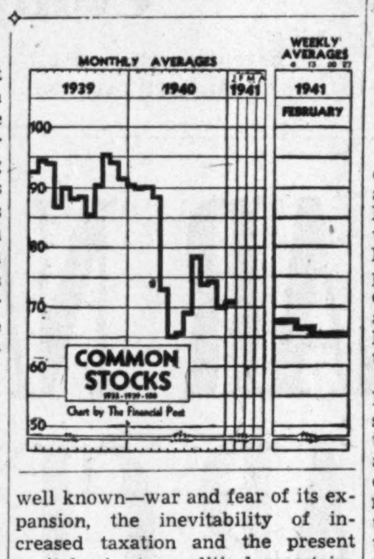
In the meantime, general business activity continues at record levels. While it is true that heavy taxation keeps company profits to much lower levels than the same rate of operations would bring under normal conditions, it still leaves a satisfactory margin for shareholders. It is only this year that we are getting a true picture of what wartime taxes and restrictions can mean, but these factors are being discounted steadily.

* * *

Opportunity Coming

In recent months the stock market was not truly reflecting the way in which requirements of war finance are limiting profits, making higher dividends an exception and exerting downward pressure on equities, says Jones Heward & Co., Montreal. This firm sees the market at present in the second stage of a decline when no reason for immediate purchases can be seen and fear is the major cause for reluctance to buy. The next phase they summarize as follows:

"Apprehension regarding the long-range outlook predominates. Bargains are thus shunned. Few investors are interested in values. Common stocks are acknowledged to be cheap, but bewilderment as to the best investment policy is widespread. We are slowly entering this phase. It is probably the time to become on the alert for opportunities. One by one, they may appear over the coming months. An old-fashioned selling climax is not likely to be witnessed. But as the gap between stock yields and bond yields widens, a suction is created which must, of necessity, exert a strong pull. This force is not likely to pull bond prices downward. So watch for signs of an upward pull on stocks. Patience may be required. But such patience should be profitable."



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Exchange Loses Money

The New York Stock Exchange, in its annual report for 1940, expresses some gratification that it has been able to show its third successive reduction in annual loss. Last year the Exchange experienced a net loss of just under $1 million which compares with $1.1 million in 1939 and $1.5 million in 1938. Its gross revenue last year was $5.1 millions compared with $5.3 millions for 1939.

The exchange president comments on last year's results as follows:

"While the Exchange's results for last year leave much to be desired, they provide a basis for constructive thought rather than foreboding. Business is at low ebb on the stock exchange for reasons which are fairly well known—war and fear of its expansion, the inevitability of increased taxation and the present capital gains tax, political uncertainties in many countries and domestic regulations which discourage risk capital. When events justify changes for the better, the New York Stock Exchange which, alone among world exchanges is still functioning freely, should speedily benefit."

The public does not have access to financial reports of the Canadian stock exchanges but it is doubtful if they could show any better results than does the exchange in New York in proportion to the size of the business which they do.

Hint Easing Profits Tax In Budget

(Continued from page 1)

allowance, this recourse is not open to retailers.

What is likely to be done is to give companies a choice of base periods. In place of the arbitrary four-year base period at present required, companies might be allowed to choose this prescribed base, or some one or two years in the 1936-39 period.

Recognize Debt Capital

Some alowance seems likely for companies that have heavy debts. Perhaps arrears of preferred dividends may be regarded as debts. If a firm has substantial obligations that it should be paying off, but is unable to do so because the excess profits tax is taking revenues that have arisen out of the enterprise, allowance may be made in some way. Just how this will be done has probably not yet been determined exactly.

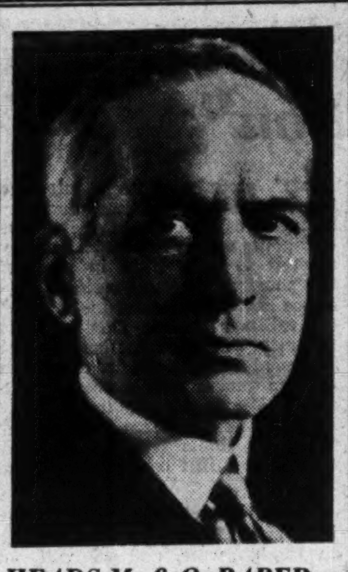
Then there is another type of company that seems slated for some relief. This is the concern which has its capital largely in the form of long-term debt, or other fixed obligations. A firm with a large mortgage debt often has a small equity capital. Normally such a firm might be expected to earn a substantial percentage on this relatively small equity. But the Board of Referees under the existing excess profits tax cannot permit it more than 10% on that equity as earnings exempt from excess profits tax. This 10% may be absurdly small.

Just how the authorities may work out the method of giving some relief to such firms cannot be foretold. It might be done by permitting the Board of Referees to grant exemption from excess profits tax to earnings equivalent to more than the present maximum of 10% in such cases. Or it might be done by permitting a certain percentage on invested capital but enlarging the definition of such invested capital to include all, or a portion, of borrowed capital.

Adoption of modifications along the lines suggested here would go a long way to satisfy the criticism of some phases of the existing tax.

BROULAN DIVIDEND

A quarterly dividend of 3 cents a share has been declared by Broulan Porcupine Mines, payable April 19, 1941, to shareholders of record March 31. This is the third payment of this amount to be made.



HEADS M. & O. PAPER

R. H. M. Robinson, Minneapolis, Minn., who has been elected president of the newly reorganized Minnesota & Ontario Paper Co. Mr. Robinson was appointed receiver for the company in Dec., 1931, and later became one of the trustees in bankruptcy along with C. T. Jaffray and S. M. Archer.

Burns & Co. Buys Dumarts Ltd.

Eastern Firm Provides Outlets, Gets Supply Base Through Deal

Purchase of Dumarts Ltd., Kitchener meat-packing firm, has been announced by Burns & Co., Calgary. Dumarts has a wide system of wholesale outlets in Ontario and the East for the products of its single packing plant in Kitchener, Ont. The company's export outlets in Britain are also reported to be well established. Dumarts products will continue under the same name.

As a result of the amalgamation, Dumarts will benefit from improved sources of semi-finished materials in the West, while Burns & Co. gains an addition to its eastern Canada and export markets. While Burns & Co. maintained a few outlets in the East, these were hampered by their distance from the packing plants in making deliveries. The amalgamation parallels the practice of one or two eastern packing companies in establishing packing plants and sales outlets in western Canada.

New Managing Director

R. D. Morrison, president of Dumarts Ltd., has been appointed vice-president and managing director of Burns & Co. Mr. John Burns will continue as president of Burns & Co., and R. S. Munn as general manager.

Details of the terms under which Dumarts Ltd. has been purchased have not been released by the parties concerned. There is no public investment interest in Dumarts Ltd.

Improvement Reported In Urban Investment

Improved position of urban mortgage investments, as a result of the quickened pace of industrial activity, is reported in the annual statement of the Dominion Mortgage & Investments Association.

The status of municipal securities also improved during 1940, particularly in Ontario, Quebec and British Columbia. The situation in respect of farm mortgages, however, continues unsatisfactory, according to the report.

Legislative Difficulties

Legislative interference has continued in the Prairie Provinces during the past year. This legislation, and the operations of the Farmers' Creditors Arrangement Act, are deemed to have aggravated a situation already difficult because of the problems of marketing wheat and finding storage facilities for the large crops.

Although it is generally recognized that no real farm mortgage problem exists in the Province of Manitoba, money invested in farm mortgages has been placed under additional disabilities by the Manitoba legislature, says the Association. The comment of the report is:

"By a series of amendments to its Debt Adjustment Act the recovery of money loaned in the past up to May 1, 1940, is made subject to further interference and wide discretionary powers are given the courts, in some cases whether or not the borrower is in default."

Debts Decline

A decline of 18.15% in the three years ended Dec. 31, 1939, was shown in the amount owing to member companies of the Dominion Mortgage & Investment Association by Manitoba farmers. In the same period the amount owing by Saskatchewan farmers decreased 9.66%.

In respect of Saskatchewan the Association charges that the administration of the Farmers' Creditors Arrangement Act subjects mortgage investments to adjustments unwarranted by individual circumstances. The report says:

"Much difficulty was experienced during the year in such matters as valuation, crop failure clauses, cutting of well secured claims below proper valuations, crop payment provision and delivery of crops. So unfair and unjust were some of the proposals brought forward by the Board of Review that in a number of cases member companies found it necessary to apply to the courts for protection."

Alberta Trend Continues

The mortgage situation in Alberta continues unsatisfactory according to the report, especially as the provincial government encourages debtors not to pay their debts. The Association declares:

"By its legislation, policies and exhortations, the Alberta Government continues to encourage debtors not to pay their debts and the Government continues in opposition to the economic system under which Canada operates, while the Debt Adjustment Board in its operation extends protection to debtors irrespective of their ability to pay and the value of the security.

"Likewise, the operation of the Farmers' Creditors Arrangement Act shows evidence of a disregard of proper valuation and continues to effect reductions in debts unwarranted by the circumstances of individual cases. It should not be assumed, however, that every farm debtor in Alberta is unwilling to recognize his obligations according to his ability to pay, as the amount owing to member companies by farmers at the end of 1939 shows a decrease of 6.12% of the amount owing at the end of 1936."

Municipals Improve

In commenting on the progress made in the adjustment of municipal defaults, particularly in Quebec, Ontario and British Columbia, and by certain rural authorities in Saskatchewan, the report has this to say:

"While substantial progress has been made, there remains considerable work to be done, both in connection with the adjustment of defaults and in the development of further preventive measures. The year was marked by two new major defaults, namely, the City of Montreal in respect of principal maturity, and the City of Prince Albert in respect of interest. Both of these matters are engaging the attention of appropriate committees."

New Officers

At the annual meeting of the Dominion Mortgage and Investment Association, H. P. Thornhill, joint treasurer, Sun Life Assurance Company of Canada, was elected president for the ensuing year. He succeeds John A. Rowland, K.C., joint general manager Canada Permanent Mortgage Corp.

Other officers elected were J. M. Macdonnell, president and general manager of the National Trust Co., first vice-president; and A. Chevalier, assistant general manager of Credit Foncier Franco-Canadien, second vice-president. The membership of the Association consists of 24 insurance companies, 14 trust companies and 12 loan companies.

Market Opinions

War and its effects on stock markets continue to dominate market interest. While waiting for the threatened crisis to develop observers look at the business and taxation background.

* * *

N. Y. Times (A. D. Noyes)—The market's firmness resulted probably from the fact that the sharp decline which had occurred earlier in February was professional in character and had not elicited heavy selling by the public. This was indicated by the smallness of the transactions, both on the decline and on the recovery. As a rule the investing public's attitude seemed to be, as heretofore this year, one of hesitation about doing anything until it can be plainly seen what had actually happened in western Europe or in the Far East.

* * *

Barron's, N.Y. (The Trader)—While just when or how the spark of confidence may be communicated to the top of the economic structure remains the mystery that accounts for the present somnolence of the stock market, the powerful heat at the bottom is steadily gaining in intensity. Peace or war, there is apparently to be no modification of the original pump-priming concept. The result of such policies all over the world has been a marked preference for tangibles and equities, and it is, therefore, difficult to believe that the sequel in the United States will be dissimilar. No matter how long it takes or at what precise level a firm market bottom is established, the size of national spending, coupled with the intense defeatism of financial sentiment, can spell only buying opportunities for the patient-minded.

* * *

Journal of Commerce, N.Y. — In appraising the influence of developments upon stock prices it is necessary to take fully into account the fact that price-earnings ratios are now abnormally low. The adverse effects upon earnings of higher taxes and added restrictions due to the enormous scope of the aid to Britain programme are already discounted in considerable measure by existing quotations. Hence, the great enlargement of the armament programme constitutes more a justification for the action of the market during recent weeks than an indication of prospective changes in the level of stock prices.

Investment Notes

Canadian Investors — If it is to avoid multiple taxation, an Ontario investment company must favor equities against bonds, exclude non-Canadian equities and favor equities of companies which transact the greater part of their business in Ontario, according to D. I. McLeod, president. In following out this policy the company has sold practically all of its dividend-paying U. S. stocks. Changes in portfolio during the past year were as follows:

Additions

Consol. Paper, bds.	Hayes Steel Prod.
Wpg. Elec., A bds.	Inter. Petroleum
Natl. Grocers, pref.	Kerr-Addison
Aluminium Ltd.	Macassa Mines
Consol. Paper, com.	Noranda Mines
Donnacona Pap., A	Photo Engravers
Fraser Cos., v.t.c.	Preston E. Dome

Deletions

Beauharnois, 5/78	Crown Zellerbach
Mead Corp., B	Flintkote Corp.
Int. Pap. & Pr., pf.	Kennecott Copper
Bethlehem Steel	Natl. Dairy Prod.
Chrysler Corp.	

* * *

S.E.C. supplementary summary of December security trend contains the following of Canadian interest:

Canadian Colonial Airways—A. C. Dick, officer and director, decreased holdings at 300 shares to 500.

Distillers Corp.-Seagram — Allan Bronfman, officer and director, holds one common share directly. Mr. Bronfman holds an undisclosed interest in 702,831 common and 29,650 5% preferred with warrants held by Brintcan Investment Ltd., and through Holding Company B decreased, 12,500 to 151,000 to effect cancellation of holdings of preferred stock. Samuel Bronfman, officer and director, holds one common share directly and is an indirect owner to an undisclosed extent through Brintcan Investments and Holding Company B as above.

Hudson Bay Mining — Henry Krumb, officer and director, gave away 780, holding 31,980.

International Paper & Power—C. A. Agar, officer and director, held 200 common shares and 100 preferred in Jan., 1941.

U. S. F. & G. Reports Higher Net Premiums

An increase in premiums written, lower losses incurred, and a substantial profit are the main features of the report of the United States Fidelity and Guaranty Co. of Baltimore, Md., for 1940.

Total net premiums written amounted to over $34.3 millions, an increase of almost $500,000. The net profit from underwriting was $3.1 millions and net income from investments, $1.4 million.

Total assets of $61.7 millions included $9.7 millions in cash and $39.9 millions in securities, of which $21.3 millions was in U. S. Government obligations and Federal Land Bank bonds. Policyholders' surplus amounts to $17.2 millions.

Significant Investors' Index Numbers

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg., mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
(Base 1935-39=100)												
1929-40:*												
High	345.7	564.5	322.3	212.5	168.2	123.2	163.1	202.1	297.5	160.9	329.3	180.7
Low	68.5	49.8	63.6	46.5	76.0	76.9	67.0	71.2	68.2	84.6	68.4	64.0
1941: Monthly Figures:												
Jan.	77.6	74.1	72.3	51.6	110.6	96.8	104.3	84.0	75.4	94.7	77.3	71.3
Weekly Figures:												
Feb. 6 ..	74.1	66.6	71.1	49.0	106.5	93.3	98.3	78.9	70.8	91.8	73.1	68.0
Feb. 13 .	73.5	65.3	69.2	49.2	105.6	91.9	98.1	78.2	69.8	92.3	72.2	67.1
Feb. 20 ..	72.3	63.0	68.6	48.2	104.2	87.3	94.7	76.5	67.8	90.7	70.5	65.5
Feb. 27 ..	72.0	61.0	69.1	48.6	102.1	87.4	96.4	75.3	67.5	90.2	70.1	65.6
Mo. ago .	76.0	71.5	72.1	50.7	108.8	94.7	101.4	81.4	73.2	93.6	75.2	70.0
Yr. ago .	103.0	113.5	115.3	78.2	135.3	116.3	107.0	103.8	89.7	103.1	89.7	89.7

*High and low for year from 1929 to 1940 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indust.	20 Golds	10 B.M.	15 W.O.
Mar. 4	90.70	99.15	62.94	19.06
Mar. 3	90.47	98.87	62.55	18.91
Mar. 1	91.64	100.45	63.78	19.04
Feb. 28	91.43	100.65	63.77	19.00
Feb. 27	91.23	99.66	63.45	18.89
Feb. 26	90.90	100.15	63.43	18.88
Month ago ..	95.67	102.86	66.01	20.30
Year ago	121.23	112.98	82.22	29.42
High 1941 ..	103.48	109.76	69.33	21.62
Low 1941	89.66	97.36	62.40	18.80

Montreal Stock Exchange Average

	10 Util.	20 Ind.	30 Chd.	10 Pprs.	15 Golds
Mar. 4	48.3	55.4	53.0	62.98	76.07
Mar. 3	48.9	55.4	53.2	63.29	76.52
Mar. 1	48.7	56.0	53.6	65.49	76.87
Feb. 28	48.7	55.9	53.5	67.02	77.07
Feb. 27	48.9	55.7	53.5	64.70	76.69
Feb. 26	49.1	55.8	53.6	62.93	76.32
Month ago .	51.2	58.9	56.3	67.67	77.24
Year ago ..	66.3	85.9	79.4	128.83	89.12
High 1941 ..	54.3	66.4	62.3	82.25	79.99
Low 1941 ..	48.6	55.1	53.1	61.02	75.95

Still Idle Aircraft Plants

(Continued from page 1)

ure of subcontractors can be recaptured, 1941 production might be doubled or production in January to March, 1942, might be 300 to 400 or a total of 800 to 900 by March 31, 1942."

Commenting on this report, Hon. C. D. Howe, Minister of Munitions and Supply, stated that the "steps" which Mr. MacMillan had recommended "have been taken and I think we will do much better."

Mr. Howe also stated that the first promise as to dates at which Anson planes might be delivered had been made to him by Federal Aircraft in November. At that time he had been advised: "the first Anson will fly in March and substantial production by June or July."

Mr. Howe confirmed this estimate and stated categorically: "I have every reason to believe that this promise will be carried out."

Federal Aircraft Position

Placing on the record of correspondence between Hon. C. D. Howe and Canadian aircraft manufacturers, substantiated in detail the disclosure made in The Financial Post on Feb. 15 that aircraft manufacturers had urged Federal Aircraft be dissolved and production placed in the hands of de Havilland Aircraft of Canada. Mr. Howe described as "extraordinary" the fact that such a statement should have been published in the press.

Mr. Howe objected to manufacturers "ganging up" on the Government.

"We have six firms who were subcontractors of Federal telling us how to operate Federal. I have never permitted my subcontractors to tell me how to operate my business and I have had many of them 'gang up' and try to tell me.

"Remember this: These people are holding contracts with Federal Aircraft whose profits depended on their relation with Federal. I doubt if because six of these subcontractors 'gang up' and come to Ottawa the Government is bound to accept their recommendations."

$100 Millions in Contracts

Facts and figures regarding airplane production in various Canadian plants as outlined in the MacMillan report and enlarged upon by Hon. C. D. Howe revealed the position of about $100 millions of contracts now under way or placed. The total of figures placed on the record by Mr. Howe suggests that of $96 millions of contracts awarded, $22.4 millions of planes had been delivered and the remainder ($73.6 millions) was still on order.

Of the business not completed The Post estimates that about $30 millions represents orders placed direct by the British Government for Hurricane, Hampden and Lysander planes and that approximately another $20 millions represents orders for Avro Anson planes.

Mr. Howe on Feb. 26 justified delay in the Anson programme by stating that "we have never had an initial delivery at the time that was promised by the industry or by the time we thought we reasonably could expect to have it."

Two days later he admitted that "elementary training schedules have never been behind schedule."

(Trainer planes produced for the Government by Fleet and de Havilland have both been delivered on schedule and the entire order completed far ahead of original plan, The Post is informed.)

Mr. Howe went into considerable detail in respect of the Canadian Associated Aircraft programme. This company is a purely British undertaking for which the Canadian Government has no responsibility.

The Malton Plant

Mr. Howe was highly critical of the "disappointing" record of National Steel Car Co. whose new $2.5 millions plant at Malton has never been used at more than a fraction of capacity. Mr. Howe indicated that this company had a backlog of $15.9 millions of plane business on its books and that "there is no foundation for the charge that they have not been given work to keep their facilities fully occupied."

Bulk of this "backlog," The Post is informed, is for Lysander army co-operation planes which have become "useless" in present warfare. These planes are on order by both the Canadian and the British Governments, but they are either being crated or put in "dead" storage because they have no use or purpose in present-day tactics.

Bouquets were handed out to Noorduyn Aviation Ltd. of Montreal, whose "manufacturing technique is the farthest advanced of any Canadian plant," and to Canadian Car & Foundry for their rapid delivery (12 to 15 air frames a week) of Hawker Hurricanes.

Details of airplane contracts and deliveries in Canada, as disclosed by Hon. Mr. Howe and in the MacMillan report, follow:

Boeing Aircraft:

Orders $9,276,000
Delivered 2,054,000
Outstanding 7,222,000

Detail: 11 Blackburn Sharks (Canadian a/c) and 6 Blackburn Sharks (Mar. 14/38) both delivered, $2,054,000; 55 P.B.Y. Amphibian Flying Boats,* $4,400,000; Anson components $2,822,000.

Comment: "Plant building will be finished Mar., 1941. 14 Amphibians should be finished Mar. 31, 1942." H. R. MacMillan.

"Boeing are well up to the production schedule which they undertook to carry out." Hon. C. D. Howe.

No. of Employees: now 825; was 61 at time first contract placed.

*Partial manufacture and complete assembly.

Canadian Associated Aircraft:

Purely British company. Original order 80 Hampden bombers increased to 160, Aug. 27, 1940.

Nov. 16, 1938: Schedule called for 2 planes Dec. 31, 1939; 4, Jan. 1, 1940; 4 a month down to Mar., 1940; then 6 in March and 6 a month to Aug., 1940, in which month production would step up to 8 a month.

July 18, 1940: Revised schedule based on "flight testing." First delivery set back to July, 1940; 1 in July; 2 in Aug.; 3 in Sept.; 4 in Oct.; 5 in Nov.; 8 in Dec.; 11 in Jan.; 14 in Feb.; 15 in March.

Comment: "Up to date the company has shipped to England 8 airplanes, and I think they have 2 more flight tested and ready to deliver." Hon. C. D. Howe.

"Delays have been numerous due to new designs, non-receipt of essentials from Britain and divided management. If no more delays, 100 Hampdens should be completed by Mar. 31, 1942." H. R. MacMillan.

Canadian Car and Foundry:

Orders $29,574,000
Delivered 5,715,000
Outstanding 23,859,000

No detail given except that production of 600 Hurricanes is expected to be completed by July, 1941.

Comment: "Manufacturing difficulties have been surmounted. If delays arise they are likely to be due to British causes; changes in design delay in receipt of necessary goods or drawings." H. R. MacMillan.

"I think they are delivering at this time at the rate of between 12 and 15 planes a week or better than 2 a day which is pretty well up to schedule." Hon. C. D. Howe.

Canadian Vickers:

Orders $5,989,000
Delivered 2,664,000
Outstanding 3,253,000

Detail: Contracts placed as follows: 4 Northup Deltas (delivered); 2 Stranraer flying boats (delivered); 4 Deltas (delivered); 3 Stranraers (delivered); 9 Deltas (delivered); 6 Stranraers (3 delivered); 12 Stranraers (not delivered); 18 Stranraers (not delivered).

Comment: "Seems well in hand and subject to causes beyond control will complete their contracts Jan. 31, 1942." H. R. MacMillan.

de Havilland Aircraft:

Orders $8,068,000
Delivered 2,028,000
Outstanding 6,040,000

Detail: 554 Tiger Moths to be completed Sept. 30, 1941; 135 Manasco Moths by June 30, 1941.

Comment: "The company is well ahead of schedule." Hon. C. D. Howe.

"Trainer production here is a smooth running production basis. The orders should be completed . . . (dates shown above)." H. R. MacMillan.

Fairchild Aircraft:

Orders $12,150,000
Delivered 2,692,000
Outstanding 9,457,000

Detail: Open order for Bristol Bolingbroke planes to end of 1942. Deliveries to date, 15 aircraft, and 15 per month after Mar. 1, 1941.

Comment: "Apparently production difficulties have been surmounted and unless unforeseen stoppage arises in supplies and components, contract will be completed by Dec. 31, 1941." H. R. MacMillan.

Fleet Aircraft:

Orders $11,165,000
Delivered 3,292,000
Outstanding 7,872,000

Detail: 404 Fleet 16B Finch primary trainer (mostly delivered). 200 Fleet 60B advanced trainer (none delivered).

Comment: "Trainer production on smooth running basis and should be finished: 404 16B by Mar. 31, 1941; 200 60B by Sept. 30, 1941." H. R. MacMillan.

"Deliveries (Fleet Finch) substantially up to date. Fleet undertook last June to build an advanced trainer (Fleet 60). The trainer at that time had been fully designed and fully test flown and delivery was to be made beginning Nov., 1940. The first plane is yet to be delivered but I am told that deliveries will start early in March." Hon. C. D. Howe.

National Steel Car:

Orders $19,868,000
Deliveries 3,965,000
Outstanding 15,902,000

Comment: "Lysanders on order for Canada should be finished Mar. 31, 1942; manufacturing difficulties have been overcome. The order for 116 Lysanders should be completed by Dec. 31, 1941." H. R. MacMillan.

"We called on them to do a great deal of odds and ends, assembling planes built in the United States and building components; nevertheless the output of finished planes has been very disappointing and there is no foundation for the charge that they have not been given work to keep their facilities fully occupied." Hon. C. D. Howe.

Noorduyn:

56 Norsemen trainers; 210 Harvard trainers.

Comment: "Manufacturing technique the farthest advanced of any Canadian plant. Unless held up by non-receipt of ordered material or components, will complete 210 Harvards by Mar. 31, 1942; 56 Norsemen by Sept. 30, 1941." H. R. MacMillan.

"The first Harvard contract is dated Dec., 1940, but actual arrangements were made in May, 1940. It is the first of the advanced trainer contracts and they expect to be in production on Harvards by November. The first Harvard has been delivered in the last few weeks." Hon. C. D. Howe.

Brandram to Pay 3% on Bonds

Provision For Half Year's Interest Reflects Better Current Position

From Our Own Correspondent

MONTREAL.—For the first time since the company was reorganized in 1936, Brandram-Henderson Ltd. will make a payment of 3% interest on June 1 to holders of the 6% 20-year first mortgage bonds.

A payment of 1% was made to bondholders on operations for 1936; a payment of 2% for 1937, but bond interest was passed in 1938 and 1939.

According to the company's last statement, there were outstanding $825,000 of the first mortgage bonds. In 1939 there was $59,551 available for bond interest, but under the terms of the trust deed, the company was called upon by its bankers to apply net profit for the year in reduction with the bank loan. Consequently there was no net income available for bond interest.

Canadian Cottons Staff Shares in Big Bonus

From Our Own Correspondent

MONTREAL.—Employees of Canadian Cottons Ltd. have been notified that the company will pay a bonus of $120,000. This follows the company's policy, according to R. G. Tolmie, president, that employees should share in profits from increased business.

General basis for the bonus will be 4% of each employee's earnings during the 12-month period ended March 1. No employee entitled to a full year's bonus will receive less than $25 and not more than $50.

Gatineau Power Defers Amortization Payment

From Our Own Correspondent

MONTREAL. — Gatineau Power Co. has secured approval from the Quebec Public Service Board to postpone for one year the 1940 amortization payment on $2,900,580 refunded bonds of the company.

In its application the company said it does not appear desirable to provide for the charge on account of litigation awaiting judgment of the Exchequer Court of Canada, in respect to income tax rules as to debiting cost of financing against revenue accounts.

Furnishing Funds for British Purchases of War Materials in Canada

British Columbia Power Corporation, Limited

4¼% Bonds, Series "A"
Due March 1st, 1960

The purchase of these Bonds provides the British Government with cash to purchase war materials in Canada.

The Corporation supplies all of the electric power and gas consumed in Vancouver, Victoria, New Westminster, North Vancouver, and other important municipalities in British Columbia.

Price: 100 and interest, yielding 4¼%

Descriptive circular furnished upon request.

36 King St. West
Toronto
Telephone EL. 4321

Wood, Gundy & Company Limited

John A. Lang & Sons Pays 12½-Cent Extra

Extra dividend of 12½ cents a share has been declared payable April 1, 1941, along with regular 17½ cent payment by John A. Lang & Sons Ltd., Kitchener, Ont., leather company. The payments will be made to common shareholders of record March 15. In 1940 an extra dividend of 30 cents per share was paid on April 1, bringing total payments for that year to $1 per share. The 1940 extra followed earnings of $2.26 in 1939.

STORE – HALIFAX

Finest retail location in Halifax. Corner Barrington and Sackville Streets. Fireproof, full basement. Space at present divided two stores. Available on long term lease. Apply Roy Limited, Roy Building, Halifax, N.S.

ALL THE FACILITIES OF A WELL ORGANIZED TRUST COMPANY

The Premier Trust Company
19 Richmond Street West
TORONTO

London St. Catharines

Copy of Annual Report Mailed on Request

NOTICE OF PAYMENT OF INTEREST

CITY OF MONTREAL

BONDS

6 %	15th May	1940	4 %	1st November	1940
3 %	1st June	1940	4¼%	1st November	1940
4½%	15th June	1940	5 %	1st November	1940
4 %	1st October	1940	3 %	15th December	1940
2½%	1st March	1941			

NOTICE is hereby given that semi-annual interest on the above-mentioned bonds, registered in the books of the City of Montreal, will be regularly paid by cheque at the rate specified on the bonds.

Holders who have not registered their bonds are invited to do so by sending them, with exact information as to the name in which they should be registered and the address to which interest cheques should be sent, to the Registrar, office of the Director of Finance, City Hall, Montreal, Canada.

It is recommended that these securities be insured against all forwarding risks. The bonds will be returned to holders as soon as they have been registered.

Semi-annual interest on the above-mentioned bonds not registered, will also be paid on presentation of the bonds at the office of the Registrar, City Hall, Montreal.

L. ROBERGE,
Director of Finance.

Office of Director of Finance,
City Hall,
Montreal, 3rd March, 1941.

Township of Scarborough

Notice of Intention to Redeem Certain Debentures

To the Holders of Debentures of the Township of Scarborough dated the 1st day of January, 1940, and maturing in the years 1946 to 1948, both inclusive.

NOTICE IS HEREBY GIVEN that the Township of Scarborough intends to and will on the 15th day of June, 1941, redeem its debentures dated the 1st day of January, 1940, which mature in the years 1946 to 1948, both inclusive, as hereinafter set forth by payment to the holders thereof of One Hundred per centum of the face value of the said debentures to be so redeemed and accrued interest thereon to the 15th day of June, 1941, after which date interest will cease to accrue and such debentures shall become due and be payable on such date. Payment will be made at the principal office of the Canadian Bank of Commerce in the City of Toronto upon surrender of the debentures redeemed together with all unpaid coupons thereon. The said debentures to be redeemed are $113,718.23 in aggregate principal amount and are a portion of a larger principal amount of debentures dated the 1st day of January, 1940, which were issued pursuant to By-law Number 3006, passed the 12th day of February, 1940, as provided for by a plan of refunding, readjustment and reorganization of certain debentures of the said Township dated 1st day of December, 1939, and confirmed by Order of the Ontario Municipal Board dated the 22nd day of December, 1939. The said debentures to be so redeemed are as follows:

Debenture Numbers

805-27	1070-17 C	1122-16 A	1655-69	1735-55
842-24	1070-17 D	1124-16	1655-70	1735-56
846-24	1070-17 E	1124-16 A	1674-7	1735-57
347-24	1070-17 F	1124-16 B	1694-7	1735-58
391-22	1070-17 G	1124-16 C	1694-8	1735-59
900-22	1070-17 H	1124-16D	1695-8	1735-60
961-20	1070-17 I	1124-16 E	1707-7	1735-61
963-20	1070-17 J	1137-16	1724-7	1735-62
986-32	1070-17 K	1171-15	1725-31	1735-63
986-33	1070-17 L	1654-42	1725-32	1735-64
986-34	1070-17 M	1654-43	1725-33	1735-65
990-19	1070-17 N	1654-44	1725-34	1765-9
1003-18	1070-17 O	1654-45	1725-35	1765-10
1007-18	1071-17	1654-46	1725-36	1766-11
1025-18	1091-16	1654-47	1727-19	1766-12
1045-17	1094-16 A	1654-48	1727-20	1776-6
1049-17 A	1094-16 B	1655-61	1727-21	1777-20
1049-17 B	1094-16 C	1655-62	1727-22	1777-21
1049-17 C	1094-16 D	1655-63	1731-24	1777-22
1049-17 D	1094-16 E	1655-64	1731-25	1777-23
1067-17	1094-16 F	1655-65	1731-26	1782-24
1068-17	1109-16	1655-66	1731-27	1782-25
1070-17 A	1109-16 A	1655-67	1732-7	1782-26
1070-17 B	1122-16	1655-68	1733-10	1782-27
			1733-11	1782-28

Dated at the Township of Scarborough this 12th day of February, 1941.

B. L. CLUTTERBUCK, Reeve.
J. O. KESSACK, Treasurer.
J. T. STEWART, Clerk.

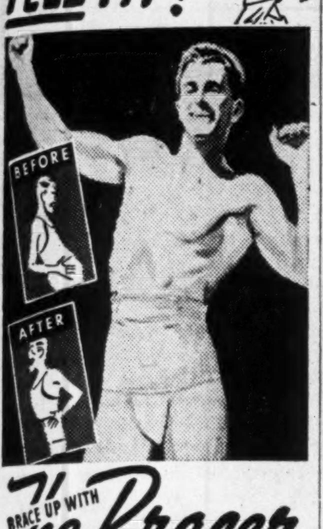
Classified Advertisements

Classified ads. cost 4c. per word and figure for each insertion. Minimum ad. 12 words. Add six words when box number is required. When replies are to be mailed to advertiser, add 10c. Classified ads. payable in advance. Contract rates on application.

COST ACCOUNTANT, CONSTRUCTION.

AVAILABLE FOR FINANCIAL HOUSE or Contracting Firm or as Assistant to Office Engineer, defense or related work. Fifteen years construction experience, wharves, docks, warehouses, railroad bridges, grade crossing eliminations. Eight years field, layout and inspection. Seven years office, accounting, costs, valuation. Canadian, forty-one, University graduate, also graduate in accountancy. Thirteen years one company. For references and particulars please write Box 37, The Financial Post, Toronto.

LOOK FIT! FEEL FIT!



BRACE UP WITH The Bracer

MADE BY BAUER & BLACK LIMITED

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Silverwood, A ..	5%	1942-51	Mar. 25	103
Do., B	5%	1952	Mar. 25	101
Randolph Hotel .	6½%	1947	May 1	105
Ames Holden Tire	*7%	1943	May 1	105

*Drawn by lot $22,300.

KINGSTON PEOPLE

are very busy now and there is more money in circulation than ever before. New families are moving here nearly every day to participate in the greatly increased industrial activity which is going on here.

THE WHIG-STANDARD

has always been popular in Kingston and it is more popular today with old and new readers than ever before, if circulation figures mean anything.

YESTERDAY'S City Zone Sale was

7,232

—just 1,032 higher than the same day in 1940.

Our Daily Net Paid Average for Feb. 1941, was

12,220

just 1,107 more than in Feb. 1940.

No, we haven't increased the advertising rates. That extra circulation is a bonus to smart advertisers who want to reach one of the livest markets in Canada through the most popular medium in the market.

Bond Markets

Static or Lower Rates Seen by Economist

Lower Interest Rates Now Would Invite Selling — Last War No Precedent Because of Changed Background

To an economist of the classical school, the question of the course of interest in a war economy would provide few problems. Dr. Melchior Palyi, Chicago University economist, and former German banking authority, now an exile from Hitler, takes a more advanced and realistic view.

The usual arguments for higher rates, says Dr. Palyi, are as follows: War will bring rising government deficits, increased borrowings which must be met outside the bank system if "inflation" is to be avoided. If the demand for loans is to rise, then rates must rise to stimulate purchases of bonds.

This argument, which might be termed that of the "orthodox" economist, stems from straight supply-demand theories and gets much of its support from experience in the last war when the U.S. Government increased its debt from less than $1 billion to over $25 billions, in a market characterized by a steadily rising rate of interest.

Dr. Palyi points out that the weakness of such an historical comparison is its failure to allow for the changes that have taken place in the structure and condition of finance, industry and investment psychology in the intervening years.

* * *

Changed Background

In 1917, the United States faced the strain of war with a relatively inadequate industrial and agricultural capacity, comparatively small bank reserves, and an interest rate of 3½% on government obligations. Important feature of the psychological background was that the 3½% rate, which rose to 5.6% in 1920, was regarded as a "normal" rate, brought about by the natural play of supply and demand, with the result that each dip in bond prices found buyers ready to take advantage of the current bargains. High profit on capital employed in industry tended to force up interest rates for government as well as private borrowers. The Government was one of many borrowers competing for scarce funds.

The background of war financing in 1941 is radically changed. Heavy excess reserves in the banking system are paralleled by large cash reserves in industrial corporations. Although production is still far short of the desired goal, this is more a question of mobilizing productive capacity than of creating it. War profits are likely to be smaller, and wealthy industrial companies in many cases will be lenders rather than borrowers. Industrial securities, faced by taxation, anti-monopoly, and labor uncertainties are less attractive than government securities, and the Government has the power if necessary to support its own obligations.

* * *

Would Higher Rates Help?

Great as is the present strain of war financing, Dr. Palyi points out that it is relatively less than in the last war. Admitting that U.S. deficits may run over the $10 billions mark annually, he questions whether higher interest rates would greatly facilitate meeting these deficits, and might even temporarily aggravate the problem.

Psychology is the important factor in determining whether higher interest rates are advisable now, according to Dr. Palyi. A drop in bond prices now would, he thinks, be the signal to investors that the long-heralded reversal of the low-interest trend had come. As such, many investors would wait for the trend to develop further before buying; some might even sell on the way down, and not until a substantially higher interest rate had been established would buying support appear. On the other hand, patriotism might accomplish what economic self-interest cannot effect and lead investors to purchase bonds at existing rates and in satisfactory amounts.

* * *

Public Buying

In his conclusion, Dr. Palyi warns: "I expect a great deal of moral persuasion, if not pressure, exerted on the public to buy bonds at present or lower yields. Whatever is not sold to the public will be sold, just like in England and Canada, to the banks. The indignant moralizing within the New Deal about the dangers of credit expansion may continue, serving essentially to mislead the country into believing that we have a cautious, scientific-minded and sound monetary management which considers future dangers. This will help to lull the country into a sense of security and to postpone the evil day of a run on the government bond market."

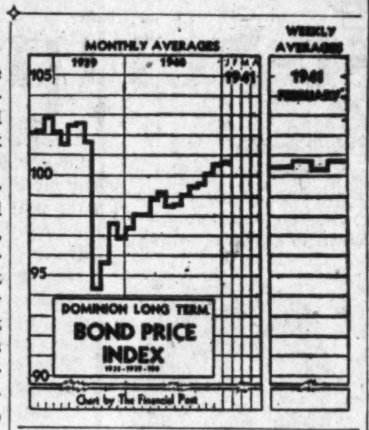
* * *

Municipal Treasuries

A by-product of the practice of large institutional investors withholding investment funds for the coming war loan has been the widening of the market for short-term treasury bills and notes. With the war loan not expected to be offered until summer, funds have been gradually accumulating which cannot be put out at long-term rates for perhaps several months.

The cities of Toronto and Hamilton, Ont., have taken advantage of the temporary unemployment of institutional funds to issue short-term notes to bridge the gap in income until the first tax installments start coming in. This financing was formerly carried out through the chartered banks. In the past week or so, Toronto has borrowed $1,900,000 at 1½% from life insurance companies, while Hamilton has obtained $350,000 at a rate of 1¼%.

The practice of issuing treasury bills by municipalities was pioneered by Hamilton about a year ago, since when the city has been able to obtain progressively better rates. It is not expected among institutional investors that the practice of financing by treasury bills will become very widespread among Canadian



municipalities. The amounts involved in all but the largest municipalities are too small to justify the expense of issuing the bills, and it is pointed out that when the present situation with regard to war loans is ended, the supply of idle funds suitable for this type of investment will be greatly reduced.

* * *

No Inflation?

The possibility that taxation as a method of financing the war is approaching its economic limit is indicated in the address of Herbert Begg, chairman of the board of the Trusts & Guarantee Co., at the recent annual meeting. Mr. Begg pointed out that as a result of higher taxation only those who had been underpaid or unemployed at the beginning of the war may expect a higher standard of living.

"The problem of war finance is assuming large proportions and can only be accomplished by taxation, borrowing from savings and credit expansion commonly referred to as "inflation." While it is highly desirable to meet as large a proportion of costs by taxation as possible, there is a limit which is economically sound—further increases may tend to discourage production and may become self-defeating."

If the limits of intelligent taxation are in sight, there will apparently be only one bulwark against inflation left—increased savings and lendings to the Government. If these assumptions are correct, the investor can estimate the probabilities of inflation from the success of war savings and war loan campaigns.

* * *

Bond Index

The D.B.S. index of long-term bond prices for the week ended Feb. 27, 1941, regained its loss of the week before, with an average of 100.9 as compared with 100.8 for the preceding week. Compared with a year ago, the index shows a gain of three points.

Dominion of Canada Long Term Bond Index

	Weekly average Feb. 21-27	Preceding week Feb. 14-20	Weekly average year ago
Price	100.9	100.8	97.9
Yield	96.1	96.2	102.4

Bond Sales

City of Toronto

To the $1.5 million in 1½% short term notes reported sold by the City of Toronto last week has been added a further $400,000, also sold at par. Total of 1½% notes now issued is $1.9 million, of which $1 million falls due May 15, 1941, the balance in 90 days from the date of the notes, Feb. 28, 1941.

Prior to the issue of 1½% notes, $750,000 in 2% notes had been sold to the Toronto Transportation Commission, bringing the total of short-term financing to date to $2.65 millions. In former years this financing had been effected through the chartered banks and would involve totals approaching $8 millions in some years, according to officers of the city. The new money is being supplied by life insurance companies at an interest saving to the city of approximately ¾ of 1%. Funds are to be applied against expenditures prior to the first installment on the city's 1941 taxes.

Treasury Bills

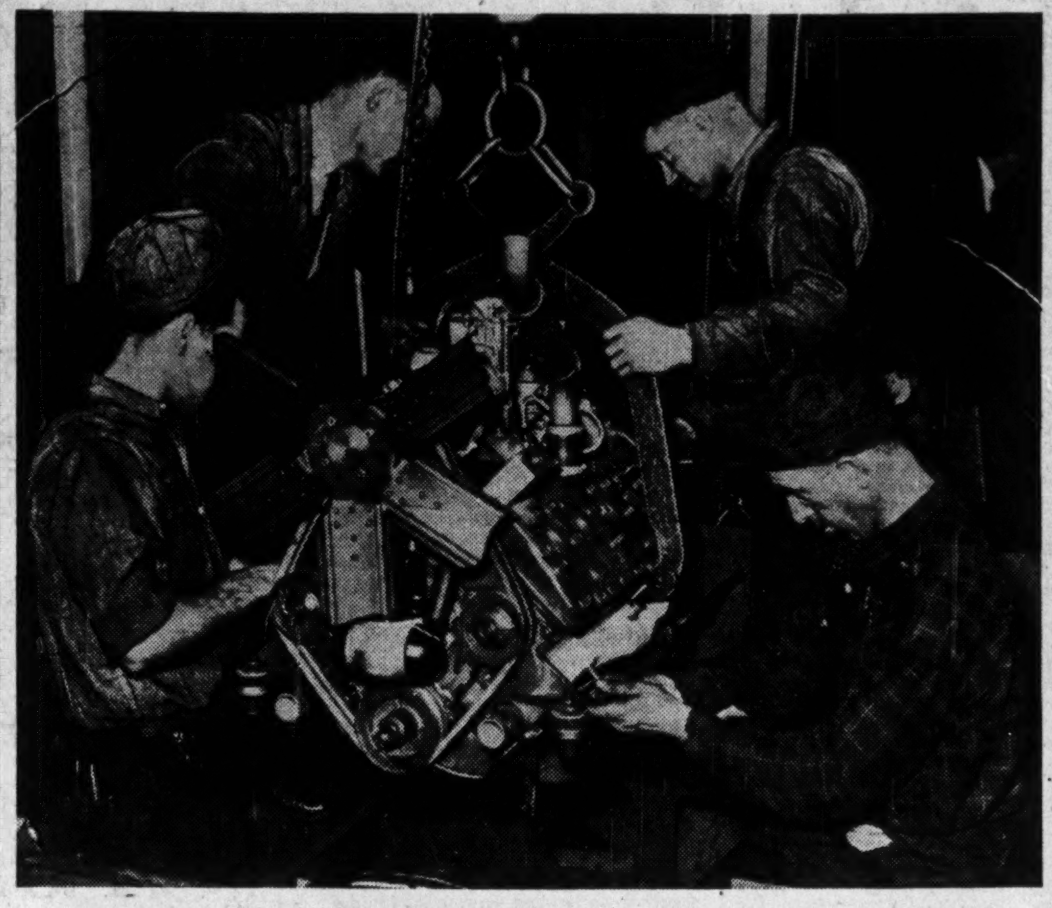
A new low-cost basis on Dominion of Canada Treasury Bills since the outbreak of war was struck with the latest sale of $40 millions at 99.84488, representing a yield of 0.623%. Preceding issue was sold on a 0.624% basis. Present issue falls due May 30, 1941, and does not increase the total of treasury bills outstanding.

Hamilton, Ont.

The private sale of $350,000 in treasury bills is announced by the City of Hamilton through the firm of Harrison & Co., Toronto. Cost basis is reported at 1¼%. The treasury bills will mature June 15, 1941.

Teck Township

Private sale of $88,724 in one to ten-year installment debentures and $5,000 in one to five-year debentures is reported. Sale was through the Toronto firm of Harris Ramsay & Co., for the Township of Teck, Ont.



Upper photo shows a standard Ford V-8 engine being installed in a Universal Gun Carrier. One of the latter is shown at the right during last week's demonstration near the Ford plant at Windsor.

Silk Reduction Met By Trade

Hosiery Industry Adjusts Itself to 25% Lower Silk Imports

Reduction of the pure silk content of "silk" stockings, in line with reduction of silk imports to 75% of 1939 levels, finds the majority of hosiery manufacturers adjusted to meet the new conditons. The reduction, effective as from March 1, is being carried out by substituting lisle and other fabrics in the tops, heels and toes of stockings. Since this was already fairly common practice, little difficulty was experienced in the changeover.

Greater problems will arise with the reduction of silk imports to 50%, to take effect June 1. Mechanical difficulties will not be of major obstacle, as little difficulty is anticipated in knitting hosiery from nylon, lisle, or from twisting bemberg yarns or art silk with the pure silk. Chief problem will be dyeing blended materials, as natural silk responds more readily to dyes, results in a different shade from artificial yarns under the same treatment. Where artificial yarns are twisted with the natural silk, a pepper-and-salt effect results after dyeing. Nylon resists the dye and has to be dyed under pressure for best results.

Little difficulty is foreseen in obtaining supplies of the new materials. Bemberg yarns are coming steadily from England. Art silk for hosiery is manufactured in Canada by Courtaulds Ltd. and nylon is scheduled for production in the fall. Although current stocks of nylon are not very large, the present price of nylon is regarded as being too high to lead to a heavy demand.

M. & O. Assets Taken Over

Reorganization is Completed, New Officers Announced

As originally scheduled, the reorganized Minnesota & Ontario Paper Co. took over the assets of the old company on Feb. 28, giving effect to the trustees' amended plan of reorganization. The new directors, appointed by the court on Jan. 10, will continue in office for two years. The final court order terminated a receivership which began exactly 10 years earlier.

Officers of the new company are former officials of the old company. They include the following:

R. H. M. ROBINSON, president.
R. W. ANDREWS, senior vice-president.
C. T. MURRAY, vice-president in charge of sales.
R. J. HENDERSON, vice-president in charge of traffic.
R. D. MAIN, secretary-treasurer.
FRANK J. HICKLING, comptroller.

Mr. Robinson, the new president, announces that M. & O. Paper produced more than 250,000 tons of paper products in 1940 from its three mills at International Falls, Fort Frances and Kenora. The two Canadian mills now produce practically all of the company's newsprint output with the International Falls mill operating almost enirely as a specialty mill, turning out groundwood papers, and kraft and sulphite papers.

Mr. Robinson also states that last year the company's Insulite mill was unable to supply the trade as rapidly as orders came in.

Bond Tenders

Mar. 13, County of Lanark, Ont.—$15,000, 3½% 5-year ins. debentures.

Mass Production Adapted To Make Gun Carriers

Canadian-made universal gun carriers were given their first public demonstration at Windsor last week, marking another step in building up wartime industry in this country.

A product of the Ford Motor Co. of Canada, these carriers are a striking example of successful adaptation of established production methods to turn out a highly specialized piece of war equipment.

The new carriers use a standard 85-h.p. Ford V-8 engine for power, and weigh about 8,200 lb. They have a standard truck transmission and truck axle. Top speed is 40-50 miles an hour. Each machine is equipped with radio, some for two-way communication.

Armor Plated

Protection for the crew consists of armor plating on the bottom, sides, front and rear of sufficient thickness to repel .303 calibre bullets but not sufficient to repel anti-tank shells. They carry no protection on the top, depending on manoeuvrability and speed to evade bombing or machine gun fire from the air. At present the armor being used is imported from the United States, but Canadian-made supplies are to be ready in the near future.

Regular equipment of these gun carriers include single Bren machine gun fixed at the front, operated by the radio man and aimed by the driver by directing the whole vehicle. Mountings are provided for other guns at the four corners of the vehicle, permitting use of the gun for anti-aircraft protection. A Boys anti-tank rifle can also be used as could any standard type of machine gun.

Chief function of the gun carriers is to transport troops and supplies in actual warfare.

Ford of Canada has been preparing for manufacture of this equipment for some time. Plant additions costing $700,000 were necessary, according to earlier announcement, and the company's objective is an output of 50 carriers each week.

Record Output

Production at the company's Windsor plant is at record levels with about 75% going into war work. Engine output is now about 450 daily on one eight-hour shift. This is about 100 above the previous peak and will be boosted another 100 shortly. The company has two final assembly lines in operation where only one was formerly in use, and plans to add a third.

An additional electric furnace is being installed in the foundry at present.

Since the war started Ford of Canada has delivered more than 60,000 vehicles for army use. These have been delivered to the Governments of Canada, Great Britain, South Africa, India, Australia and other Empire countries. The majority have been shipped overseas. On Nov. 4, 1940, W. R. Campbell, president, announced that the company had produced more than 50,000 army vehicles.

At present Ford of Canada has 11,608 employees. This compares with the previous peak of 9,272 at Nov. 1 last and an average of 7,442 during 1939.

Municipal Finances

Ottawa, Ont. — Total relief expenditures for the city of Ottawa dropped 52.8% in Jan., 1941, under the corresponding month in 1940. Expenditures in the latter month amounted to $48,982 against $103,793 in 1940, while the city's share of the bill fell from $25,171 to $13,391. The number on relief was reduced from 10,422 to 4,449.

* * *

Kamloops, B.C.—For the first time since 1926, the City of Kamloops ended the year with no bank loan outstanding. As at Jan. 23, 1941, there was $41,000 on deposit toward 1941 taxes. In 1940 current taxes collected amounted to $134,355, representing 85.23% of the levy. This compares with 82.7% of current taxes collected in 1939. Collections of arrears taxes amounting to $33,821 brought total collections for the year to 107.2% of 1940 levy.

* * *

Trail, B.C.—During 1940 the general rate revenue of the city of Trail exceeded expenditures by $41,182 according to the revenue and expenditure statement. Although the 1940 levy provided for a surplus of $23,636, additional curtailment of expenditures was made during the year with the result that the surplus was increased. Bank overdraft of $35,270 as at Dec. 31, 1939, was paid out of the surplus.

* * *

Vancouver. — An operating surplus of $79,593 was realized by Vancouver's finances in 1940. In 1939 the surplus amounted to $39,056. There were deficits for the previous five years. The 1940 surplus resulted from upward revision of water rates and other incomes and was assisted by a snowless winter which left an amount of $30,000 earmarked for snow removal untouched.

* * *

Winnipeg, Man. — The City of Winnipeg Hydro-Electric System reports a new high surplus for the year 1940. Surplus of $487,576 was recorded in the latest financial period, $377,000 of which has been transferred to the city's treasury. A total of $839,000 has been contributed in this manner in the past three years. Previous high figure for the hydro surplus was $341,537 in 1938.

*"G" stands for Gestetner of course.

DUPLICATING MACHINES

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Factory Branches in all Leading Cities

War Housing Unit Set Up

Government Company to Provide Shelter for War Plant Workers

From Our Own Correspondent

OTTAWA. — Announcement by Hon. C. D. Howe, Minister of Munitions and Supply, that a Government-owned corporation has been created to deal with war factory housing is taken here as the first real indication that the housing problem is going to be tackled.

To be known as Wartime Housing Ltd., the new company will be headed by Joseph M. Pigott of Hamilton, Ont., head of the construction company bearing his name.

Mr. Howe has said that the corporation will be given $100,000 to start operations and authority to make up to $10 millions of commitments. Additional commitments will probably be authorized, as it is estimated here that expenditures required may exceed $100 millions.

The immediate need is estimated at 50,000 homes and the average cost will not fall much below $3,500, may well go higher.

Canada Malting Wins Tax Case

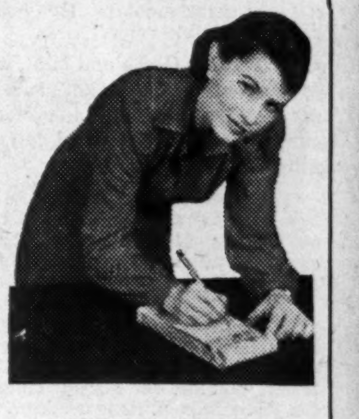
Settlement of Income Levy Dispute Allows Saving of $75,908

Canada Malting Co. reports settlement of a dispute over income taxes for the years 1935 to 1939. This has been under discussion with the income tax department for some time, states Arnold C. Matthews, president. As a result of the agreement reached, $75,908 which had been set aside to meet any possible liability is not now required and is written back into earned surplus account.

Mr. Matthews reports that plants were fully occupied during the past year. There was a satisfactory increase in domestic business and a moderate decline in export trade. Higher operating costs reduced the margin of profit. Certain export outlets, particularly the United Kingdom, have been interfered with by the war. Other business has been developed successfully to date to offset this loss. A substantial part of the company's exports are paid for in U. S. dollars.

The company spent $821,978 on fixed assets last year. Major portion of this went in the construction of additional malting capacity for 1.2 million bushels at the Toronto plant, together with 525,000 bushels added grain storage. The new plant is now in full operation, but no benefit accrued to 1940 operations.

BURT



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BRANCHES ACROSS CANADA

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Teck, Township of	Jan.	Harris, Ramsay & Co. (Privately)	4%	1-10 yr.	$88,724	....	.....
			4%	1-5 yr.	5,000	....	.....
Hamilton Treasury Bills	Feb.	Harrison & Co. (Privately)	....	......	350,000	....	1¼%
Dominion—							
Canada Treasury Bills	Feb.	....	May 30/41		40,000,000	99.845	.623%

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
British Columbia Power Corp.	Feb.	Wood, Gundy & Co.	*4¼%	......	$2,000,000	100	4¼%
* Formerly held by British investors.							
Springer Sturgeon Gold Mines	Feb.	Dickson, Jolliffe & Co. and Milner, Ross & Co.	6%	1944	100,000	*97½	.....

* Offering price, with bonus of 400 shares with each $1,000 note.

The Editorial Page . .

Criticism That Helps

To the wild and rather irresponsible charge of Hon. C. D. Howe, Minister of Munitions and Supply that The Financial Post is and has been since the beginning of the war "the No. 1 saboteur of Canada," the press of Canada has already replied effectively.

In his speech in Parliament Mr. Howe introduced the names of some other newspapers and quotations from some that he did not name. The implication was clear that while The Financial Post might be No. 1 saboteur, there were other newspapers that were not far behind as No. 2, No. 3 and so on.

On the whole, Mr. Howe, by defining and dramatizing the main issue of the right of a free press to speak for the people in criticism of inefficiency in their Government's war programme, has unwittingly done the cause of Democracy a notable service. Not only has the whole aircraft production programme of Canada been bared for critical inspection, with the result that long overdue remedies may possibly now be applied, but the larger issue of constructive criticism versus complacency has also been subjected to the test of public opinion. The response of the newspapers of Canada shows that Mr. Howe's point of view—that the press of Canada has no right to publish anything but the officially inspired praise of the Government's propaganda machinery—has been utterly rejected.

The Montreal Gazette in a clearsighted editorial which we reproduce on page one says:

"Criticism which leads to improvement is constructive. In time of war it is necessary and the Government should welcome rather than resent it . . . It is not sabotage. It is public service of the greatest possible value."

The Toronto Globe and Mail, which also came in for misrepresentation and abuse in Mr. Howe's address, says that if it is an offense to criticize governmental incapacities and failures, it too pleads guilty. It adds:

"The Globe and Mail . . . does not believe that the newspapers of the country, which have been stepping on the heels of the Government, have been prompted by any other motive than a wish for greater speed."

The Windsor Star says:

"We have disagreed on many occasions with The Financial Post. We still believe it is wide of the mark in many of the views it holds. But we do not believe that Mr. Howe or any other citizen of Canada can justly impugn its patriotism."

R. M. Harrison in the same paper writes in his daily column:

"We agree . . . that The Financial Post is a saboteur. It's a saboteur, however, not of Canada's war effort, but of Canada's lack of war effort."

The London Free Press remarks:

"If Mr. Howe had been frank and candid with the public and stated the facts long ago, he would have saved himself and his ministry a lot of grief."

If The Financial Post has committed "sabotage," says the Winnipeg Free Press, then it too would like to plead guilty. It regrets that it is difficult to make suggestions without Mr. Howe or the Government leaping to the conclusion that sinister influences are at work to destroy them.

Says the Free Press:

"By far the major part of the criticism offered in the press and elsewhere is based upon an earnest desire not to hinder or to destroy but to help."

The Free Press, in a special article, reproduces the Prime Minister's recent speech in the British House welcoming helpful criticism.

The Winnipeg Tribune feels that much of the criticism Mr. Howe so bitterly resents might have been disarmed if Mr. Howe had been more frank with the public.

Mr. Howe has not disproved, asserts the Evening Telegram, Toronto, that The Financial Post is quite as devoted to the national interest as Mr. Howe himself, and continues.

"The only pertinent question is whether The Post's statements are true or false. If they are false Mr. Howe has a remedy much more effective than a tirade in Parliament. If they are true, a tirade in Parliament is no remedy at all."

The Edmonton Journal runs an impressive statement of major issues in Canada's war effort where press criticism in The Financial Post, in the Journal and elsewhere has already produced effective results. In his criticism of The Post Mr. Howe, says the Journal, went beyond "the demonstrated facts."

The Ottawa Journal feels that criticism is a good thing and a terribly necessary thing:

"Acting as a stimulus and check, it constitutes a public audit, is a true part of our British heritage; something the Canadian people will not give up."

The Brantford Expositor reminds us that but for press criticism we might have lost the last war. It says:

"To the degree that criticism has functioned as a goad to war effort it should be given credit, not blame."

So it is all over Canada. Mr. Howe's bad-tempered outburst has merely crystallized the issue of the right and the necessity of constructive criticism in wartime.

The Financial Post's Platform For War

1. *Strengthening cabinet leadership by drawing on Canada's best executive brainpower irrespective of political considerations.*
2. *An inner war cabinet, free from departmental duties, to plan the nation's war effort and to see that the plans are carried out.*
3. *Appointment of a non-political industrial executive with complete authority to organize and direct procurement of munitions and supply.*
4. *Pay-as-we-go policy to the very limit consistent with an all-out war effort.*
5. *Elimination of wasteful spending by public bodies or private individuals.*
6. *A national programme to deal with post-war employment and relief problems.*

Winning the war has become the focus, for all effort, national or personal, in Canada. It requires full mobilization of the nation's material and spiritual resources.

To the fullest degree, this should be achieved by individual effort, freely made.

Strong national leadership will inspire service and sacrifice. In turn this will reduce the need for regimentation and compulsion.

Why Prices Are Rising

Two very significant charts appear in the annual report of McColl Frontenac Oil Co. One chart shows that over the last 15 years, as the retail price of gasoline has steadily declined in Canada, the average provincial gasoline tax has steadily increased.

The other chart shows that as the earnings of the company available for distribution to shareholders has declined the company taxes—not counting provincial gasoline tax—has gone up.

For instance, in 1939 the taxes per share were under 50 cents and the net earnings were nearly \$2. In 1940, the earnings per share were slightly over 60 cents and the taxes per share were almost \$3.

The president of the company, J. A. Wales, sets forth certain principles which he hopes taxing authorities will observe in connection with any necessary increases in taxation due to the war. They are:

"The tax should not be so excessive as to defeat its end, that is, the production of additional tax revenue.

"It should not be so discriminatory as to penalize unfairly one group of taxpayers as compared with another.

"It should not bear so heavily as to endanger the existence of the taxpayer itself; which, after all, is the source of the revenue."

James S. Duncan, president of the Massey-Harris Co. made a similar plea. He urged government to give careful consideration to:

". . . the breaking point where the incidence of taxation is so great that it defeats its own object and weakens the economic structure of the country."

Rising taxes are leading to two unfortunate developments.

Taxes are rapidly becoming one of the most important single items in cost of what the public buy. So far few people realize that.

And business men are becoming more and more the employees of the State rather than of their shareholders.

C. Fraser Elliott, K.C., Commissioner of Income Tax, in his address in Toronto last week, said:

"By reason of the combined effect of corporation taxes, depleting taxes and excess profits, and individual taxes on dividends, the Crown today generally speaking, appropriates more than is available for shareholders of an expanding business."

Editorials in Brief

Historians of the last war called Bulgaria "the country that guessed wrong."

Bulgaria is still a bad guesser.

* * *

Apparently, the problem of provincial relations is chiefly one of zoology. Ontario thinks it is the "milch cow" of Canada; the other provinces think Ontario is a dog in the manger.

* * *

The two men who will head the Office of Production Management, the business organization of American defense, are naturalized aliens. William S. Knudsen was born in Denmark and Sidney Hillman in Lithuania.

* * *

The Prime Minister in the House of Commons made a brief reference to the suggestions that Canada should have a high-powered short wave broadcasting station. He said that the consideration at the root of the question was one of money.

The cost of establishing and operating a short-wave station, to put out Canadian programmes to the United States, Central and South America, and to supplement British short-wave broadcasting to the whole world, would be a trifling item in comparison to our total war expenditures. An amount equivalent to what the war is costing us each four or five hours would build such a station and operate it 24 hours a day for a year.

At the moment, the presentation of the British case throughout the world suffers on the air by competition with the vastly larger number of short-wave stations that are now under Nazi control. For Canada to undertake some share of this burden would be a small, but very helpful, contribution to world understanding of the issues in this war.

* * *

President Roosevelt, in the emergency, has abandoned party considerations in many of his appointments. He has not attempted to give his country a "union" government; but in selecting men for many of the most important posts he has paid no attention to whether they are Democrats or Republicans.

When he wanted Colonel Stimson and Colonel Knox in his Cabinet as his two War Ministers, he invited them to join him although both were outstanding Republicans and both had been among his bitter enemies.

The high command of the defense production programme is composed almost entirely of Republicans. The new ambassador to London is a former Republican Governor.

As The Sphere of Washington puts it:

"It may be that Roosevelt has not changed one iota in his view of the necessity to what amounts to a domestic social and economic revolution. But it is evident that he knows how to put the first things first. It is clear that he intends to call on the best talent the country offers, irrespective of party affiliations. Defense is an all-party programme."

* * *

The gravest disappointment in connection with the recent Dominion-Provincial Conference at Ottawa is not that the meeting broke up without adopting all the recommendations of the Sirois Commission, but that it broke up without any discussion at all of how to meet the very grave financial problems that press upon all governments in Canada. Colonel George A. Drew, K.C., Leader of the Opposition in the Ontario Legislature, put it succinctly when he said last week:

"There were many things which should have been discussed before that conference came to an end. Cabinet ministers and senior officials had been brought together from all over Canada at great public expense in perhaps the most critical period of the war which will demand the last ounce of our national strength. Don't tell us there was nothing to discuss."

* * *

Adolf Hitler said in his last speech:

"Today it is no longer possible to build States on capitalistic principles . . . It will not be the gold standard which will emerge victorious from this war, but the 'national' economies . . ."

There are people in Canada who preach such doctrines in various forms. There is, for instance, the attack upon private property and the system that rewards enterprise by means of what is called "profit." There is, for instance, the attack upon the monetary system, inherent in suggestions for inflation and "debt-free" money.

We do not suggest that those who make such suggestions are Hitler's allies, consciously or otherwise. One can be a reformer without being a Nazi. But unquestionably it delights Hitler when the principles upon which democracy has been built—individual freedom, private enterprise, trustworthy money, and the international exchange of goods and services—are attacked and undermined in Canada and other democratic states.

THE PRESS: "Well, you fellows make up your minds." —Cartoon by Grassick.

Post-Scripts . . . .

Tables Turned

The war has switched the life job of J. M. Pigott of Hamilton. As head of one of Canada's major construction companies, his job has been to execute building projects initiated, ordered and paid for by others. Now, as president of the latest Government - owned war company, Wartime Housing Ltd., he will be a buyer rather than a seller of building contractors' services.

—Inter. Press photo.
J. M. PIGOTT

Mr. Pigott will have at his disposal one of the biggest building funds ever given a Canadian. Already the Government has "sweetened the pot" with authority for commitments up to \$10 millions. The signs now suggest this is just a starter.

* * *

Joe Pigott has been nearly 40 years in the building business, most of it as head of one of the leading firms in the industry. His job, for which he is well-fitted, will be to keep the huge housing programme for war workers on an even keel, hold down costs, and apply the fruits of his varied experience as an engineer-contractor.

He is tackling the job with an open mind, taking to it his Irish energy and resourcefulness, his close knowledge of the problems of large building programmes. His objective is to get the dwellings built with the greatest possible economy, speed and satisfaction to all concerned.

The need for speed, especially in certain localities where big war plants are operating or about to get into production, is the chief consideration at present. This precludes, for the time being, the possibility of prefabricated or demountable houses. This method would require considerable time for advance preparation in working out standard designs, drafting specifications for prefabricated units, and getting factories into production of parts and components for easy erection. It may be used later on.

Mr. Pigott has some knowledge and experience with prefabrication himself. Back in 1933 he built some experimental houses in Hamilton, using advanced modern designs, standardized steel framework and joists, steel wall-panels, cork insulation and other features designed to simplify and stimulate house building.

Immediate plans call for rapid erection of barracks units for single workers, and low cost bungalows or small houses for married workers. Bulk of the dwellings will be of wood construction, with modern insulation to ensure comfort. Most projects will be in small centres or rural districts where huge new war industries have created acute housing shortages. Some will also be undertaken in larger centres, such as Hamilton.

Most of the dwellings will probably be demolished when peace comes if no longer required for Government purposes; unless taken over by private interests which undertake to operate the plants involved for regular industrial purposes.

Headquarters of Wartime Housing Ltd. will be in Toronto, with local units to supervise construction by contractors and later to handle the allotment and renting of the dwellings. Mr. Pigott is serving without salary. He hopes to obtain as a nucleus of his organization some of the staff of the housing administration of the Department of Finance.

* * *

In addition to being president of the Pigott Construction Co., the Pigott Building, and Pigott Realty Ltd., Mr. Pigott is a director of the Dominion Bank, Consolidated Fire and Casualty Insurance Co., and Landed Banking & Loan Co. He was president of the Hamilton Chamber of Commerce in 1932-33.

One of his chief interests has been his energetic campaign over the past 15-20 years to extend apprenticeship and craft training for Canadian youth. This has been waged mostly in regard to the construction industry, but has sought also to stimulate trade training generally.

For the past 15 years or more he has been chairman of the apprenticeship committee of the Canadian Construction Association, of which he served as third president in 1923-24, and from 1928 to 1932 he was chairman of the Ontario Apprenticeship Board. He was active in recent years in obtaining support from the Dominion-Provincial Youth Training Plan for apprentice training activities.

Among the various large and important structures built by Mr. Pigott's firm in different parts of Ontario are several big churches, schools, etc., for organizations of the Roman Catholic Church, of which he is a member. Several years ago, for services in constructing the Basilica of Christ the King at Hamilton, and other church structures, Pope Pius XI created him a Knight Commander of the Order of St. Gregory the Great.

Other major projects completed by his firm include the Bank of Canada headquarters building at Ottawa, Royal Ontario Museum in Toronto, Royal Connaught Hotel at Hamilton, Federal Building in London, and Royal Military College, Kingston.

* * *

Lumbermen's Chief

J. Gordon Fleck, new president of the Canadian Lumbermen's Association, is an Ottawan born and bred. His father, Andrew Fleck, was a prominent and prosperous citizen. His mother (the best loved old lady in the capital and the most generous in her charities) was born Gertrude Booth, a daughter of J. R. Booth, the famous lumberman, who in his day was rated the richest man in Canada.

Gordon Fleck was educated first at the Ottawa Collegiate and then at University of Toronto. He graduated in 1904 in engineering in the School of Practical Science and was the possessor of a great reputation as a footballer.. He played quarterback on the Varsity team.

Having finished his education, he went to work for his grandfather and got a very varied experience of the lumber business both in the woods and in the mills. When he felt that his business services were not receiving adequate remuneration he approached his grandsire for an increase of salary. The old gentleman told him that he would have no difficulty in getting other men to do the same work for a smaller salary.

Thereupon Gordon Fleck, a lad of spirit, reminded his grandfather that he himself had once counselled him never to work for less than he thought he was worth and announced that he proposed to strike out for himself. Mr. Booth showed no displeasure but made no effort to keep him. He sent him away with his blessing.

* * *

Gordon Fleck migrated to Vancouver and in partnership with his brother, Bryce, established the firm of Fleck Bros., wholesale dealers in ship and manufacturing supplies. The firm was getting well on its feet when the last war came and Gordon Fleck went off to fight in it as an officer in the Seaforth Highlanders (72nd Batt. C.E.F.). A first-rate soldier, he had his full share of active service. He was wounded and earned the Military Cross and bar. He ended his soldiering with the rank of major.

After the war he resumed his business life in Vancouver but soon accepted an offer from the McCormick interests of Chicago to take charge of their immense lumber business on the Pacific Coast, a change which took him to live in Portland, Oregon. He could have held this lucrative post indefinitely but, when the death of his grandfather and uncle left the Booth firm with its vast enterprises short of competent executives, Gordon Fleck had to yield to the pressure of his family, forswear his liking for the shores of the Pacific and return to his native city.

For the past dozen years he has been the chief directing spirit of the lumber business and newsprint mill of the Booth firm and their prosperity has not suffered under his ministrations, as he is a very competent man of business.

* * *

Gordon Fleck does not believe that life should be one long round of toil. He finds time for a variety of recreations. He is a very expert fisherman, plays a good round of golf and an adventurous game of bridge with considerable skill. He is the most companionable of men.

A Conservative in politics, he never cherished political ambitions but he is a keen student of public affairs and an ominivorous reader of books of good quality. He is also an enlightened employer, who commands the loyalty of a large force of employees. There are few more popular figures in Ottawa. He also has the good fortune to be married to a charming Englishwoman, who shares all his tastes. He has one child, a married daughter.

* * *

Sayings of the Week

"All the freedom we have we owe to the Mother Country." — *T. L. Church, M.P.*

* * *

"Only a fool would say that any course is sure to bring peace."—*William Allen White.*

* * *

"As a matter of fact our predictions for every branch of the airplane industry have been somewhat too optimistic." —*Hon. C. D. Howe.*

* * *

"There is only one group of taxpayers in Canada — the Canadian people."—*George A. Drew, K.C., Leader of the Opposition in the Ontario Legislature.*

* * *

"We cannot preserve the American way unless we preserve also the British way, the Chinese way, the Norwegian way and the way of other free peoples." —*Wendell L. Willkie.*

* * *

"There is not a province in Canada where there is greater control from the top than in Alberta, where one man controls the thinking of a great mass of people."—*M. J. Coldwell, M.P.*

* * *

"The Japanese Government last year threw over the chance of reaching friendly accommodation with the British Empire and entered a pact with our enemies. No explanation can whittle that fact away."—*Sir Frederick Stewart.*

* * *

"The European conflict is a life and death struggle between the spiritual values that are the marrow of our civilization on the one hand and the forces of evil that are determined utterly to destroy that civilization."—*Secretary Ickes.*

* * *

"When I know that not ten miles from here there is a great aircraft plant working at only 20 per cent capacity and know at the same time it is touch and go if Britain will have enough aircraft, I then wonder if Canada has awakened." —*Leopold Macaulay, K.C., Ontario.*

* * *

"There is nothing novel about the policy of using new money to pay for a major part of the cost of war. It has been adopted, or fallen into, in the past by many warring nations, most extensively it may be noted by the losers."—*Graham F. Towers, Governor, the Bank of Canada.*

The Financial Post

Member Audit Bureau of Circulations

A weekly newspaper, presenting in a popular manner, reliable information respecting investments, business and national affairs in Canada.

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Other People's Views . . . .

The Canadian Editorial of the Week

New Vigor

The Toronto Globe and Mail

In a recent editorial the Winnipeg Free Press remarked upon the difficulty of achieving unity of thought and action, "while the composition of the Government shows so clearly that it was originally created in keeping with the party customs, conventions and necessities which rightly govern in the formation of a party administration."

Our Winnipeg contemporary, having recognized this distressing obstacle to public confidence and unity of thought, goes in search of a remedy. It finds that there is no remedy in merely forming what is usually known as a national government. With this finding we quite agree, if a national government is defined merely as a coalition or union government.

For many months The Globe and Mail has been advocating the creation of a non-partisan administration to carry this country through the period of the war. For their own purposes, politicians have always seized upon any demand for a national government, and interpreted it as a demand merely for the inclusion of Mr. Hanson and Mr. Coldwell in the Cabinet.

This is not what it meant by a non-partisan government. The incorporation of a number of Conservatives and C.C.F. members in the Government in a prearranged ratio only enables the Government to escape responsibility, silences criticism inside the House, and makes a tri-partisan government, not a non-partisan government. We prefer the method adopted by Mr. Churchill, who sought out men who had the confidence of those elements in the community which were vital to the war effort, and whose capacity to organize activities which fall within their special range of experience was unquestioned.

The whole complexion of the world has changed since the last Dominion election. The gravity of the situation has increased a thousandfold, and many voices have been raised in criticism of the Government for a performance which seems to have fallen far short of what could reasonably have been expected of it. Cabinet Ministers are becoming very sensitive to criticism, and very impatient of it. This is an unhealthy frame of mind, which indicates either an uneasy conscience or complete indifference to the principle of responsibility. . . .

Mr. Lapointe and Mr. Howe should not become petulant and abusive when the public prints protest at delay, mismanagement, waste, bureaucracy, partisanship, unwarranted secrecy and irresponsibility. The Government refuses to take the people into its confidence wholeheartedly; refuses to admit anybody, no matter how talented, who is not a working Liberal politician, into the Cabinet Council, and reserves administrative authority over all departments for exclusive exercise by party stalwarts.

A thorough spring cleaning is needed at Ottawa and a new spirit of public service which takes no account of race or politics.

* * *

As Others See Us

Preaching and Practice

Brantford Expositor

The Dominion Government, through either Prime Minister King or one of his principal ministers, should make early and convincing announcement that Ottawa proposes to practise what it has been preaching.

Mr. King, Mr. Ilsley, and practically every other member of the Cabinet have very properly urged Canadians—not just some but all, even to the children—to sacrifice for victory. This appeal will have much greater effect once the people are assured that their sacrifices and loans are not being wasted in any particular.

In the general field of public expenditures, has every reasonable economy been effected? Who can give an answer in the affirmative? Aside altogether from the chronic waste arising from the still unsolved railway problem, there are other matters that suggest the necessity for the Government, too, making some sacrifices. The Financial Post, in a recent issue, mentions a few. "Has Mr. King," that paper enquires, "asked himself if this country needs or can afford such luxuries as, say, the Rideau Canal, the Trent Valley Canal, two express systems, two telegraph companies, the Hudson's Bay Railway, the Churchill elevator?"

A comprehensive answer to such questions will be timely and helpful. To ignore them will be to invite suspicion, apprehension and resentment — three termites in the wood of war effort.

* * *

What the Papers Are Saying

18th Century Prophecy

Written in Latin in 1737 by Thomas Gray, Author of the "Elegy"

Sphere, Washington

The time will come, when thou shalt lift thine eyes
To watch a long-drawn battle in the skies,
While aged peasants, too amazed for words,
Stare at the flying fleets of wond'rous birds,
England, so long the mistress of the sea,
Where winds and waves confess her sovereignty,
Her ancient triumphs yet on high shall bear,
And reign, the sovereign of the conquered air.

The Real Weakness

Ottawa Journal

It is unfair, false criticism, to charge Mr. King and his ministers are apathetic about the war, or about the war effort. The size of our war expenditure, plus the size of our army, navy and air force, speaks for itself.

The true complaint against Mr. King's Government—a complaint that grows steadily—is: (1) That Mr. King has kept direction of the war as a purely party activity; (2) that not more than six men out of a ministry of 15 are bearing the war burden; (3) that consequently the governmental war machine is overtaxed and strained, with some bad results that are obvious.

* * *

The Mail-box

Canada's March of Dimes

Editor, The Financial Post.

Place a dime or more in an envelope, no postage required.

Address: The Minister of Finance, Ottawa, Ontario, "To Buy a Hurricane."

Be assured that anything you may do will be very greatly appreciated, not only by the Canadian Government, but also by myself and associates who have devoted much of our leisure hours as well as going to considerable personal expense, in bringing the plan into existence.

RUPERT MONCRIEFF.

Cornwall.

* * *

Deeds Not Words

Editor, The Financial Post.

Just a few lines of praise for the splendid stand you are taking on our war, or rather lack of, war efforts.

We are of the opinion that Canada is in much the same dangerous situation that Britain was in during the end of 1914 and beginning of 1915. At that time we only had three rounds per gun per day.

It took a Northcliffe then to upset old Asquith and get things going. Northcliffe was called all sorts of names so you should be proud of the abuse you are getting from one section of the public.

As an old soldier, do keep up your good work. More power, more courage, more punch. Drive out the old dreamers, those who will not or cannot get things accomplished. The boys at the Front want deeds not words from those in authority.

Keep up your good work.

GEORGE RILEY.

Hudson Heights, P.Q.

* * *

Unjust and Untrue

Editor, The Financial Post.

The accusation made by Hon. C. D. Howe in the House of Commons yesterday, that The Financial Post is "the No. 1 saboteur in Canada" is, I feel, unjust and untrue.

The Financial Post has done Canada a very real service in exposing the gross inefficiency of the Government's aircraft production programme.

I think it was Robert Burns who said: "A book's a book although there's nothing in it." The Canadian Government seems to consider that: an airplane is an airplane even if there is no engine in it.

ROBERT M. PALLEN.

New Glasgow, N.S.

* * *

Stop Me If . . . .

Modern political campaigners might take a lesson in graciousness and kindness from Edward Campbell, the great British statesman.

Once when Campbell was opposing Thackeray for a seat in Parliament, the two contenders, in the course of their campaigning, met and engaged in friendly conversation.

On taking leave of his rival Thackeray remarked, "May the best man win!"

"Oh, no," replied Campbell. "I hope not, I want to win!"

Week in Business

See 1941 Production Setting New Records

Switching of Plants and Employees Believed Probable When Full Employment Is Reached — Trade Active from Higher Payrolls

Under the urge of war orders, Canadian basic industries appear on their way to [illegible] production records in 1941. Figures so far published on such basic industries as iron and steel and newsprint indicate an upward trend since the beginning of the year, compared with 1940. Greatest expansion appears to be taking place in the industries directly associated with the war effort.

If full employment of workers and plant capacity occurs as predicted within the next six months, then further expansion in production of war materials will have to be achieved by switching over from making non-essentials to essentials. This eventuality is causing some anxiety in certain quarters of business. Merchants fear that as the supply of non-essential goods is reduced, the volume of trade may suffer. It i[illegible] felt by some that the dislocation in employment will be severe a[illegible] will be difficult, it is claimed, for factory operatives who have been making certain non-essential goods to switch over to essentials.

* * *

The increase in payrolls meanwhile has been reflected in a volume of retail trade which compares favorably with that of previous years, in spite of the fact that the income tax and the war savings campaign are diverting from business a substantial amount of money which people otherwise would spend. This has been announced, however, as one of the objects of both the tax and the savings campaign.

* * *

Fortunes of the lease lend bill at Washington are being watched with considerable interest in business circles. In some quarters it is felt that even if Canada is not included in the application of the bill, the position of the Canadian dollar will be strengthened in sympathy with an expected improvement in sterling. This would encourage imports. On the other hand, some feel that if such a condition were to develop the Government would probably add additional import taxes to offset the improvement in exchange.

* * *

Canadian exports are being affected by the slackened British demand for whea and flour. Disposal of the 1940 crop continues a problem, especiall with a new season coming on. Reduced payments to the farmers on heir crop this year has resulted in business there showing a smaller expansion than in most other areas of the Dominion. Meanwhile westerr demand for agricultural implements for spring delivery is stated tobe holding at good level.

Business Indicators

Current business satisfactory, with D.B.S. index for week ended Feb. 22 down slightly from previous week but above last year.

Railway carloadings for week ended Feb. 22 higher than in 1940.

Railway gross traffic earnings in last week of February above level of year ago.

Iron production in January slightly below previous year due to shutdown of one blast furnace for overhauling.

Steel production up 12% in January compared with last year.

Construction contracts in February more than double those of 1941.

Bond sales in Canada 74% lower in January than year ago.

Trend of business shown by The Financial Post Business Index and following key factors, new items for the week being marked thus▪.

TREND OF BUSINESS—	Feb. 22	Feb. 15	Feb. 8	Feb. 1	Feb. 24/40
Weekly index of business, D.B.S.	107.3	108.1	106.1	108.3	107.2
Commodity prices index no.	85.1	85.0	85.0	84.8	83.0
	Jan.	Dec.	Nov.	Oct.	Year Ago
The Financial Post business index	*154.6	152.9	153.4	151.7	132.9
Retail sales index no.	....	102.4	95.9	93.7	87.9
Dept. stores sales index no.	122.6	132.2	128.5	120.9	112.6
Wholesale sales index no.	....	116.4	122.9	133.7	98.2
Country store (% change pr. yr.)	....	+3.8	+15.4	+3.6	+4.0
EMPLOYMENT INDEX Nos., D.B.S.	Jan. 1	Dec. 1	Nov. 1	Oct. 1	Year Ago
All industries	134.2	139.1	139.2	136.2	116.2
Manufacturing	142.5	144.7	144.6	143.8	118.2
Wage earners, no. 000's	....	....	....	2,867	2,545
Living costs weekly budget	▪18.26	$18.22	$18.14	$17.87	$17.70
RAILWAYS	1940-41	1939-40	Jan. 1 to date 1940-41	1939-40	% Change
▪Carloadings (week Feb. 22)	54,168	46,475	413,696	377,142	+9.7
▪C.N.R. gross (week Feb. 28) $	5,509,076	4,854,995	41,170,461	35,324,491	+16.5
▪C.P.R. gross (week Feb. 28) $	4,045,000	3,042,000	28,792,000	24,160,000	+19.2
C.N.R. net revenue (Jan.) $	3,150,394	1,671,796	....	....	+88.5
▪C.P.R. net revenue (Jan.) $	2,665,761	1,828,505	....	....	+45.8
IRON AND STEEL—Jan.—					
▪Pig iron production (tons)	103,085	104,703	....	....	—1.5
▪Steel ingots and castings prod. .... (tons)	186,303	166,496	....	....	+11.9
AUTOMOBILES—(Number)—					
Passenger Cars:					
Domestic sales* .. (Dec.)	8,775	7,804	101,767	90,054	+13.0
Factory output ... (Jan.)	11,990	12,579	....	....	—4.6
Trucks and Buses:					
Domestic sales* .. (Dec.)	2,145	2,040	29,150	24,693	+18.0
Factory output ... (Jan.)	11,205	4,634	....	....	+141.8
Financing:					
▪Used .... (Jan.) $	2,407,151	1,793,219	....	....	+34.2
▪New .... (Jan.) $	2,137,869	1,834,988	....	....	+16.5
CONSTRUCTION—					
▪Contracts awarded .. (Feb.) $	24,704,600	11,768,900	51,284,400	20,613,600	+148.8
Cement prod., bbls. (Oct.)	1,099,092	680,902	6,627,710	5,104,383	+29.8
AGRICULTURE—					
Flour prod., bbls. .. (Dec.)	1,076,132	1,599,966	16,254,921	16,887,070	—3.7
Flour exp., bbls. ... (Jan.)	354,818	725,316	......	......	—51.1
Wheat exp., bush. ... (Jan.)	4,880,080	10,357,605	......	......	—52.9
Cattle sales▴ .... (Jan.)	83,707	83,634	....	....	+0.08
Hog sales▴ .... (Jan.)	532,259	393,198	....	....	+35.4
SEA FISHERIES—‡					
Catch cwts. .... (Jan.)	591,900	1,025,900	......	......	—42.3
Landed value .... (Jan.)	653,100	746,500	......	......	—12.5
NEWSPRINT—					
Production, tons ... (Jan.)	261,298	251,032	....	....	+4.1
▪Exports, tons .... (Dec.)	263,450	255,258	3,242,786	2,658,690	+21.9
MINING AND OILS—					
Coal prod., tons ... (Dec.)	1,643,092	1,485,826	17,434,394	15,692,698	+11.1
Coal imports, tons .. (Dec.)	842,407	1,157,869	17,546,107	13,884,816	+26.5
Gold prod., fine oz. (Jan.)	461,602	424,381	......	......	+8.7
▪Crude oil prod., bbl. (Nov.)	893,438	731,209	7,979,599	7,334,583	+8.8
Crude oil imp., bbl. (Dec.)	2,212,246	1,793,830	42,415,300	37,311,430	+13.7
ELECTRIC POWER OUTPUT—(December)—					
Total monthly 1,000 kw.h.'s	2,584,341	2,536,242	30,080,248	28,351,514	+6.1
FOREIGN TRADE—♦					
Imports .... (Dec.)	102,289,873	72,109,338	1,081,938,116	751,055,534	+44.0
Exports .... (Jan.)	88,952,659	90,843,837	....	....	—2.0
OTHER INDUSTRIAL FACTORS—					
Dressed lumber exp.: 1,000 bd. ft. ...... (Jan.)	164,892	167,527	.....	......	—1.6
Shoes, prod., pr. ... (Dec.)	2,044,725	2,208,374	26,261,088	25,438,631	+3.2
Cotton consump., lb. (Jan.)	15,679,582	13,673,514	......	......	+14.7
Raw rubber imp., lb (Dec.)	16,321,954	6,218,159	113,773,959	70,212,487	+62.0
Cigarette cons. No.† (Jan.)	623,571	634,272	....	....	—1.6
Sugar manufactured lb.§	37,921,156	54,728,387	....	....	—30.7
FINANCE—					
Bank debits† ...... (Jan.) $	2,941,104	2,674,335	......	......	+10.0
▪Bond sales† .... (Jan.)	81,130	308,188	....	....	....
Life insurance sales (Jan.) $	28,326,000	33,726,000	....	....	—16.0

*D.B.S. All Canada figure covering over 90% of the Canadian total.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C. *Preliminary.
▴Total at yards and plants.
New items for week marked ▪
†000's omitted. §For four weeks to Jan. 25. ♦Gold excluded.

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Tourist Trade Estimate Drops

New Estimate Shows Drastic Decline for Last Year

From Our Own Correspondent

OTTAWA.—Drastic downward revision in estimates of the value of Canada's tourist trade will be announced shortly. The revision results from an exhaustive study undertaken recently by the Dominion Bureau of Statistics.

Final 12-month figure of tourist automobile entries in Canada in 1940 show a 19% drop compared with 1939. On top of this sharp reduction will come a further substantial decline in dollar expenditure figures for 1940 and earlier years because of the extensive revisions in statistical method and interpretation which have now been completed.

Although no official figure is yet available it is quite likely that the new official estimate of tourist expenditure in Canada in 1940 will not exceed $200 millions and may be considerably below that figure. The 1939 total was $275 millions.

Volume Declines

Automobiles entering Canada for touring purposes in 1940 numbered 3.4 millions compared with 4.2 millions in 1939. This is a drop of all types of cars of approximately 19%.

The most important drop occurred in cars recorded as entering for a period "not exceeding sixty days." The 1940 figure for this type of tourist is 962,092 cars, compared with 1,267,851 in 1939. This is a reduction of 24%.

Cars entering for a period not exceeding 48 hours numbered 2,441,857 compared with 2,943,159 the previous year. The decrease in this group is 17%.

Cars entering for over 60 days but not exceeding six months showed a drop of only 12%, the 1940 figure being 1,588.

New Basis of Calculation

Previous annual estimates as to the amount spent by each tourist in Canada have been completely revised and modified. First, by reason of the fact that a much larger "sample" was obtained last year. Instead of having returns from only a small percentage of the cars it was possible last year to obtain information from over 50% of the tourist visitors.

In addition, important new studies have been made in administrative procedure which has greatly improved the accuracy of classification. For example, it was found on investigation that many tourists were being credited with a "60-day expenditure" because they had taken out this type of permit. Investigation proved in hundreds of cases that these tourists only stayed a few hours and did not use their permit to the full length of time.

As well, a special survey has been made of the expenditures of summer residents.

Volume of tourist traffic entering Canada in 1940 on 60-day tourist permits by provinces with percentage changes from 1939 follows:

Autos Entering Canada
(On 60 Day Tourist Permit)

	1940	1939	%
Maritimes	61,131	80,165	—23.7
Quebec	193,431	257,957	—25.0
Ontario	581,979	778,175	—25.2
Manitoba	13,746	18,149	—24.2
Saskatchewan ..	6,293	6,548	—3.8
Alberta	13,282	13,076	+1.6
Br. Columbia ..	92,230	113,781	—18.9
	962,092	1,267,851	24.1

Foundation Co. Operations Up

Second Dividend Since Turn of Year Reflects Increased Activity

From Our Own Correspondent

MONTREAL.—Second payment of 25 cents a share on the common stock of Foundation Co. of Canada this year indicates that financial results for the eight months period ended Dec. 31, 1940, will be satisfactory.

The company has declared a dividend of 25 cents a share on the stock, payable April 18, to shareholders of record March 31. Previous payment was for the same amount on Jan. 18 this year.

Business on hand assures continuation of the favorable trend. Higher rate of activity extends into all departments, including construction, marine and salvage.

Ship Subsidiary Active

The company's wholly owned subsidiary, Maritime Towing and Salvage Ltd., is busy on ship repairing work. Substantial expenditures have been made on new facilities for towing, docking and marine salvage work.

Principal activity has been in connection with construction of new war plants, such as doubling capacity of Aluminum Co. of Canada plant facilities and building a big shell filling plant in Quebec province.

The company has adjusted its fiscal year to end on Dec. 31 instead of April 30.

It is expected that revenue for the eight months period ended Dec. 31, 1940, will equal that for the full year ended April 30, 1940. In the latter year operating profit totalled $340,747, and net profit amounted to $128,516. This was equal to earnings on the common stock of $1.52 a share.

Increased depreciation and greater provision for taxes, however, makes net for the eight months period uncertain. The company will probably make application for inclusion in the "depressed industry" category for taxation purposes.

U. S. Imports More Canadian Whisky

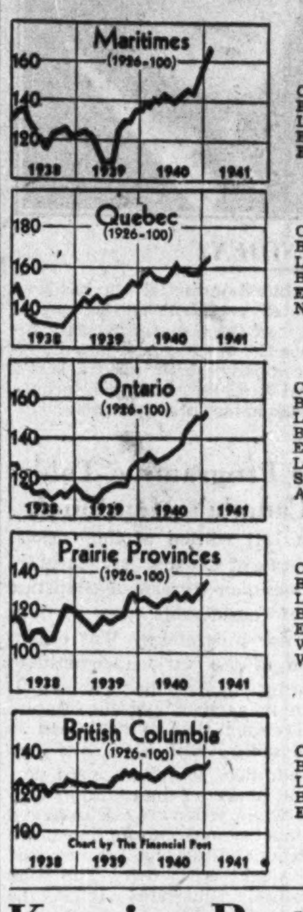
Imports of whisky from Canada into the United States in 1940 were 7.6% above the preceding year. Reports from the liquor trade in the United States comment on the "marked increase in the consumption of Canadian whisky."

It is stated that this product is now exported to the United States from Canada largely in bottles bearing highly advertised trademarks where it was shipped in bulk in the early years following repeal.

Business Activity Rises In All Economic Areas

Business activity in January showed an increase in all five economic areas of Canada over both December and January, 1940. The Financial Post Business Indices accordingly stand at new high levels for the period since 1925, in all areas except the Prairies. The index for that section is higher than at any time since 1929.

Construction contracts awarded in January showed marked gains over last year from Ontario eastward. The index of employment after seasonal adjustment recorded gains in the Maritimes and in British Columbia, minor recessions being shown in the other areas.



Trend of Business in Economic Areas

	Jan., 1941	Change from 1940 %	Jan., 1940
Maritimes:			
Constr. contr. .... $	1,611,000	+41.7	1,887,000
Bldg. permits ..... $	142,000	—7.2	329,000
Life ins. sales .. $000	2,146	—0.6	2,506
Bank debits, $000,000	72.8	+14.5	70.5
Employment*	135.2	+14.2	130.0
Index	166.8	+19.4	160.3
Quebec:			
Constr. contr. .... $	2,826,000	+85.1	5,223,000
Bldg. permits ..... $	1,089,000	+0.6	2,411,000
Life ins. sales .. $000	7,702	—10.5	9,974
Bank debits, $000,000	780	—3.6	951
Employment*	139.4	+20.2	139.6
Newsprint prod., tons	261,298	+4.1	252,897
Index	164.1	+5.1	161.1
Ontario:			
Constr. contr. .... $	19,926,000	+441.9	5,587,000
Bldg. permits ..... $	1,948,000	+34.4	3,567,000
Life ins. sales .. $000	12,603	—18.3	14,400
Bank debits, $000,000	1,463	+28.8	1,463
Employment*	143.4	+19.3	141.1
Livestock slaughter.*	270.4	+78.8	216.2
Steel prod. ..... tons	186,303	+11.9	185,420
Auto. prod. ..... no.	23,195	+34.8	23,364
Index	153.2	+19.6	150.4
Prairie Provinces:			
Constr. contr. .... $	1,300,000	—31.4	1,367,000
Bldg. permits ..... $	186,000	—79.4	414,000
Life ins. sales .. $000	3,689	—19.1	4,031
Bank debits, $000,000	449	—9.1	534
Employment*	112.2	+11.3	116.2
Wheat receipts .. bu.	20,790,000	+357.0	39,250,000
Wheat prices**	74/1	—10.6	73/3
Index	137.4	+7.8	134.2
British Columbia:			
Constr. contr. .... $	917,000	+50.8	2,854,000
Bldg. permits ..... $	990,000	+113.8	766,000
Life ins. sales .. $000	1,927	—27.0	2,453
Bank debits, $000,000	176.5	+2.3	190.5
Employment*	118.0	+18.0	116.0
Index	135.1	+5.6	134.2

*1926 equals 100.
**Cents and eighths of a cent per bushel.

Keeping Posted . . . . . .

By JOHN C. KIRKWOOD

A question which has been asked by many, many business executives is, "Will our policy of advertising our products to the public bring us into unpatriotic competition with the Government which may want those dollars for war savings?" I came across an answer to this question in the current issue of Canadian Advertising—an answer given by B. W. Keightley, advertising manager, Canadian Industries Ltd., one of Canada's largest industrial corporations. Mr. Keightley says that his answer is a composite of views expressed to him by responsible executives — advertisers, advertising agency men, financial men.

JOHN C. KIRKWOOD

"The answer," says Mr. Keightley, "must of necessity be a little involved. We have an industrial machine that is great and valuable in time of peace; it does two things: it makes goods and it provides a livelihood for employees and returns on capital. Also, it is a great and valuable asset in time of war. Now it will do four things. It will make the goods we need for civilian consumption; it will also take on the job of making a tremendous quantity of war goods; it will still provide livelihood for employees and return on capital; and it will also provide the money from which savings will be made and invested in Canada's war effort. The more goods it makes, the more people it will employ; the higher its payroll, the greater earnings available for saving. We believe that advertising is a vital force in our present economy in selling goods, providing jobs, building up prosperous industry. We believe that it has a vital contribution to make to our Canadian war effort. We believe that it will be needed after the war to carry us through our reconstruction period."

* * *

Working Limits

Both the British Government and those engaged in industry have have been learning new things about men's capacity for hard work. The war effort has been their teacher. From an editorial in the February issue of Canadian Machinery and Manufacturing News is taken the following:

"There is a point of maximum return from labor. It is well known that excessive hours of labor induce weariness, inattention, inaccuracy and ill health. After the invasion of Holland and Belgium the British Ministry of Labor called for continuous work, seven days a week. For a couple of months the men responded splendidly. Then absenteeism increased, men arrived late and took a week-day off, but worked on Sundays for double the pay. It was wisely decided to cut out Sunday work, and in some cases the Saturday afternoon as well. The outcome was not a reduction, but an increase of output. Then the Ministry of Labor, on the advice of employers, trade unions and production departments, recommended an immediate reduction of hours to a maximum of 60 per week, with a further reduction to 55 or 56, which has been found to be the optimum standard. Now the sub-committee of Parliament favors a 48-hour week —total time—and recommends the general use of three shifts."

* * *

Architectural Advertising

What service station stands out, like a mountain peak, in your memory, and makes you want to return to it whenever it is possible to do so? Is it not one which has "atmosphere" —distinction? In Vancouver, in Pacific Coast Chinatown, is a large service station in the pagoda style of architecture, which pulls motorists, and gets them talking about it afterward. Another at Banff has the rustic atmosphere of pioneer days. Cars from every state in the United States and from every province in Canada are regular visitors to this station. Another western vendor got itself much talked about and visited by erecting a Santa Claus 30 ft. high. Police were required to line up the cars which waited to buy gasoline.

F. H. Fullerton, writing in the January issue of Canadian Automotive Trade, tells of a number of very remarkable service stations on this continent. He says: "Years after a trip most service stations will have long been forgotten, but a few will remain vividly in mind. Yet the architectural remodelling of a station to develop atmosphere is not favored in the main by oil companies, who prefer to impart the atmosphere by making them all uniform in appearance." Independent operators who want to give atmosphere to their stations can get pointers from Mr. Fullerton's illustrated article.

Orders Abate B. C. Protests

Industrial Tempo Speeded Up By New War Projects Allotted

From Our Own Correspondent

VANCOUVER. — Protests in the House of Commons and elsewhere recently, against apparent discrimination against Pacific coast industries in the allotment of war contracts, seem to be getting results.

James Crone, technical adviser of the British Mission at Ottawa, is now carrying out a survey of British Columbia machine shops, foundries and engineering facilities with a view to ascertaining their potential capacity. Similar surveys have been made before and Ottawa has had exhaustive data on the subject for many months, but west coast operators welcome the latest one if it means more business.

As a whole, machine shops and metal trades industries in British Columbia are still idling along at about 35% of capacity, with an abundance of skilled labor. Tendency in recent weeks has been to let out workers rather than engage additional labor.

New Developments

There is every indication of an early improvement in the situation, however, as a result of these developments:

1. Boeing Aircraft of Canada will go into production at its new enlarged plant on Sea Island within a month, producing 55 PBY flying boats under an initial order. Total contracts with this firm are reported at close to $10 millions.

2. Dominion Bridge Company is getting under way a $1 million programme to equip an arsenal for the use of the British Admiralty.

3. Contracts for naval equipment totalling $3.8 millions have been placed with Vivian Engine Works and Reliance Motor Machine Works, Vancouver. These are understood to be horizontal mills for armament making and other units.

4. Western Steel Products, Vancouver, will manufacture naval equipment under a new $375,000 contract.

Burrard Drydock, North Vancouver, will lay the first keel early in April in connection with its order from British shipbuilders for construction of eight 9,500-ton cargo ships, representing a total outlay of $15 millions.

Additional lathe contracts have been placed with British Columbia machine shops representing a cost of $1.1 million. Forty-eight plants in the province have been working on lathes for shell manufacture, but no contracts for shells have yet been placed on the coast. In view of Hon. C. D. Howe's statement in the House recently there does not seem much prospect of early action in that direction.

West coast manufacturers are hoping that in connection with future shipbuilding orders placed here an effort will be made to have engine, boiler and incidental equipment jobs placed here, too, so as to stabilize the industry and develop a self-contained manufacturing establishment.

SUGGESTIONS FOR INVESTMENT

The personal requirements of the individual in investment matters constitute an important feature of our investment service. This service is available without obligation at any of our offices.

A. E. AMES & CO.
LIMITED
Business Established 1889
TORONTO
Montreal Winnipeg Vancouver Victoria New York London, Eng.

Investment Securities
McLEOD, YOUNG, WEIR & CO.
LIMITED
Metropolitan Building, Toronto
Offices at Toronto, Montreal, Ottawa, Hamilton, London.
Correspondents in New York and London, England.

Garment Centre Bonds Ready

Issues Now Exchangeable Under Reorganization Approved

From Our Own Correspondent

MONTREAL. — Bondholders of Garment Centre Capitol Inc. have been notified that new bonds are now ready for exchange for the old issues.

On Nov. 29, last, a plan of reorganization was approved whereby maturity on the 6½% first-mortgage 15-year sinking fund bonds was extended from March 1, 1942, to Sept. 1, 1955. Interest rate was reduced from 6½% to 5% annually.

The 7% general mortgage bondholders approved waiving of all defaults. The 7% bonds are to be exchanged on the basis of $244,300 par value for $122,150 par value of new 20-year income bonds, dated Apr. 1, 1940. Bondholders will receive $50 par value of income bonds for each $100 par value of the old bonds, plus one share of stock. Interest payments will be made from Aug. 1, 1944.

Old bonds are to be surrendered to the trustee, Royal Trust Co., for exchange. They must be accompanied by a letter of transmittal.

Garment Centre Capitol Inc. owns and operates the Hermes Bldg., of Montreal. Reorganization was previously undertaken in December, 1935.

FINANCIAL STATEMENT
DECEMBER 31, 1940

ASSETS

U. S. Government Bonds	$ 5,556,923.91
Corporation Stocks	6,529,600.00
Stock of Subsidiary Fire Insurance Co.	1,507,780.28
Total Investments	$13,594,304.19
Premiums in Course of Collection (Less than 90 days old)	2,309,443.55
Cash in Banks and Offices	9,462,783.33
Accrued Interest	59,375.00
Total Admitted Assets	$25,425,906.07

LIABILITIES

Reserve for Unearned Premiums		$ 6,463,801.16
Reserve for Liability Claims and Claims Expense		6,375,053.08
Reserve for Other Claims and Claims Expense		620,530.33
Reserve for Commissions (Not Due)		502,913.96
Reserve for Taxes		577,883.32
Reserve for Other Liabilities		14,559.18
Capital Stock	$2,000,000.00	
Surplus	8,871,165.04	
Surplus as regards Policyholders		10,871,165.04
Total Liabilities		$25,425,906.07

On Deposit with the Dominion Government for Protection of Canadian Policyholders $710,000.

AMERICAN AUTOMOBILE INSURANCE COMPANY
ORGANIZED 1911 SAINT LOUIS, MO.
SHAW & BEGG
LIMITED
Canadian Managers
14-24 TORONTO STREET TORONTO

The WAWANESA
Mutual Insurance Company
Organized in 1896
Assets $2,894,436.70
Surplus 1,513,855.65
Dominion Gov't Deposit 1,041,353.86
Write for Financial Statement
Head Office: Wawanesa, Man.
Eastern Office: Toronto, Ont.
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THE FIRST DUTY OF EVERY CANADIAN

THE GENERAL ACCIDENT GROUP
357 BAY ST., TORONTO

Fire & Casualty Insurance

Profits Policy Seen as Vital

Gives Protection When Fire Stops Business Operations

Wartime activity in trade and industry is causing many property owners to study their insurance policies more closely to see if they are adequately protected against loss if a fire should come.

Manufacturing plants are operating in many cases 24 hours a day. Retail and wholesale merchants are doing a large volume of trade. Hotels are busier. Theatres are getting good audiences for their shows, apartment houses and residences are meeting with a good rental demand.

What will happen if a fire comes and burns one of these pieces of property? is a question many are asking themselves.

After The Fire

The damage or total loss to the building and contents, of course, will be taken care of by the ordinary fire insurance policy. That would enable the property owner to replace his factory, or his apartment block, or his theatre, or his store. But in the meantime, what about the revenues he expected to make?

Take the manufacturer, for instance. It does not matter whether he owns the premises in which he has his plant or not. He is in business as a manufacturer to make and sell a certain product. The building, machinery, raw products, etc., are not the main object in his business. He hopes to use them all to make something else which he can sell at a profit. But if his plant is out of business for some time through fire or any other cause, he loses the profit he might otherwise make. If his plant is out of commission for several months he may also lose contact with his customers, or get out of touch with his sources of supply. Yet he is under certain expenses which must be met if he intends to resume business.

Must Pay Taxes

For instance, if he owns the property he has to pay taxes on it while the plant is rebuilding. He has to keep at least some of his key operatives or they will go elsewhere and probably take jobs with somebody else that will become permanent.

He also has to keep in touch with those from whom he buys or to whom he expects to sell, so that when he is ready to start in business again he can pick up the lines where he left off. He must continue to advertise else his customers and the public are liable to forget about him and his products.

Meanwhile the capital he has tied up in his property, including the ground on which it stands and the money used in rebuilding, is bringing in no interest at all. On a large amount this runs into a lot of money over a term of months.

Take the retail merchants, for instance. Even if the actual loss on his store and contents is covered by insurance he only gets his capital returned to him. The ordinary fire policy does not pay him the profits he would make in a good season if his business were operating in the regular way. During the time the store is closed his customers may go elsewhere. In the case of the theatre operator the situation is much the same.

But suppose the property owner operates as a landlord. His position is still very similar. If fire wrecks a building, the tenant is not going to pay rent while he cannot use it. The rent for those months is gone, unless the owner can make it up some place else.

Profits May be Lost

Even if at the end of the period of rebuilding or restoration the property owner is able to take up his business just where he left off, he has lost the profits he would have made in the ordinary way unless he has one of the special insurance coverages which give him protection against just such eventualities. These coverages are variously known. There are rent insurance, profits insurance, and other forms. But the most widely known contract to take care of these situations is the Use and Occupancy contract which can be had for practically all lines of business. This Use and Occupancy form is usually attached to an ordinary fire insurance policy and is governed as far as possible by the conditions of the main policy itself.

In effect it indemnifies the owner against such loss as he might sustain through non-use or non-occupancy of a property. The liability is limited to such period as gives the owner a reasonable time to rebuild or replace the building or property destroyed or damaged so that it cannot be used. If it were not for this provision, some factory owner might decide not to rebuild for five or six years during which the insurer would have to indemnify him. The time allowed for rebuilding begins with the fire and runs for a specified time.

Actual Loss

Care is also taken that the words actual loss sustained are printed conspicuously in the policy contract. This limits the amount that can be collected to that which it can be shown would be lost during the time the property was out of business. For instance, the owner of a skiing resort could not claim the same loss if a fire occurred in the summer when his place was closed down as he would in the winter when he was operating at full capacity. Likewise the owner of the ordinary business could not claim the same amount of profits in a time of depression as he would if business were booming.

The coverage is designed only to protect against actual loss sustained. But as such, it gives security for profits or rents which would otherwise be lost due to property being out of commission due to fire.

PRESIDENT

Anselme Samoisette, who has been appointed president and managing director of the General Security Insurance Co. of Canada, a new Canadian company which will transact a general fire and casualty insurance business across the Dominion.

War Programme Told In Canada's Handbook

The 1941 edition of the Official Handbook of Canada, just issued by the Dominion Bureau of Statistics, devotes considerable space to Canada's war programme. War organization of the various committees operating under the Cabinet is shown in a chart and the Empire Air Training Plan is explained in considerable detail.

In addition, so far as space permits, all phases of the country's economic organization are discussed and the statistics and information given in previous editions has been revised and brought up to date. The book is profusely illustrated. It may be obtained from The King's Printer, Ottawa, for 25 cents.

Life Insurance

Observing Law Brings Blame

S.E.C. Report on U. S. Life Insurance Criticizes Investment Policy

In the report on life insurance of the Securities and Exchange Commission to the Temporary National Economic Committee in the United States, just issued, the investment policy of the companies comes in for considerable criticism. Chief ground of complaint is conservatism.

The report is of interest to the Canadian life insurance field, as many Canadian companies do business in the United States and United States companies do business here.

In addition to investment policy the report criticizes existence of undesirable agency conditions due partly to high pressure selling. This, and operations of ill-trained agents, allegedly contribute to a high proportion of lapsed policies. The difficulty of ascertaining adequately the cost of insurance, and the cost of industrial insurance sold to low income families the report claims also calls for criticism.

Business is Sound

While making some criticisms and suggestions regarding the general regulation of the business, the report pays high tribute to the soundness of the companies. It says in part:

"Development of the life insurance business in this country represents an outstanding achievement... The confidence which the business justifiably commands in the eyes of the public is indicated by the continually increasing number of people who take out life insurance policies. There can be no question of the soundness of the basic principles upon which the institution of life insurance is founded."

Policy Too Conservative

The investment policy of the companies is criticized on the ground that it is directed too much to obtaining riskless investments. This policy the report indicates is limiting the field for investment and also tends to reduce the interest rate on high-grade bonds because the demand from the companies makes borrowers feel independent.

It is also claimed that the policy of investing in gilt-edged bond investments makes the reservoir of capital accumulated by the life companies inaccessible to the small businessman or industrialist who wants to finance by selling stock rather than borrowing through an issue of bonds.

Commenting on the criticism by the S. E. C., insurance interests point out that investment policies of the companies in most instances are dictated by state legislation, not by the decision of the company executives. In some states companies are limited to bond investments and cannot buy other securities such as common stocks, as they can in Canada. Thus, it is claimed, companies are censured for obeying State laws.

The other features criticized, it is claimed, have been under consideration by both companies and state commissioners of insurance previously. Regarding the cost of industrial insurance, for instance, state authorities have taken the ground that if people want their premiums collected that way they should expect to pay for cost of collection.

Suggestions

Suggestions made by the S. E. C. are:

Individual states should strengthen existing machinery for the regulation of the business.

The Federal Government should co-operate in such efforts.

Gradual elimination of industrial insurance should be encouraged by developing plans for payment of lump sum benefits at death under the social security programme or by making arrangements for the sale of insurance providing similar benefits through the post office system.

Where does he put it?

YOUNGSTERS, as they reach their teens, often develop an extraordinary capacity for food. Many a puzzled mother has said, "I don't know where he puts it!"

▶ It is important for parents to realize that in the majority of cases, such an appetite is normal and should be encouraged. One important exception, of course, is the child who shows a tendency to obesity—and in such a case a doctor should be consulted.

During the teen age, a normal child is exceptionally active. Each year he is adding 2 or 3 inches to his height and as much as 10 pounds or more to his weight. Therefore, a youngster has to eat a large amount. Too little food, or the wrong kind, can hinder normal development at this time just as truly as in infancy.

▶ Your doctor will tell you that an adolescent child's activities can be as strenuous as a manual labourer's—sometimes requiring from 50% to 75% more food than is needed by the average adult. That's why it may be perfectly proper for Junior to tuck away lots more dinner than his office-working Dad!

Three generous meals a day should include milk, cereals, vegetables, fruits, meat and eggs — all so necessary for growth and good health. Furthermore, these meals should include wholesome desserts to satisfy the "sweet tooth" that boys and girls usually develop.

▶ This doesn't mean, of course, that the youngster should be free to gobble anything at any time. Simple, sensible snacks may be given to the child at appropriate times if they do not affect the child's appetite at regular meals. Good, satisfying foods like milk, bread and butter, and fruits are usually easy to keep on hand for the hungry young one.

In between times — right after school, for instance, but not too close to the next regular meal—such wholesome foods tend to discourage round-the-clock "nibbling."

To help you satisfy youthful appetites, and also to avoid one-sided or indigestible diets, Metropolitan offers helpful booklets, "Food for Health in Peace and War" and the "Metropolitan Cook Book." A post card will bring you a copy of each. Address booklet department 3-F-41 Canadian Head Office, Ottawa.

Metropolitan Life Insurance Company
(A MUTUAL COMPANY)
NEW YORK
FREDERICK H. ECKER, Chairman of the Board
LEROY A. LINCOLN, President
CANADIAN HEAD OFFICE—OTTAWA

Quebec Plans Investigation Of Insurance Business

A full investigation of all branches of insurance in Quebec will be undertaken at an early date, Premier Godbout of the province has announced.

His announcement was made to a delegation from the Royal Automobile Club of Canada, Montreal, which called on him to protest the recent advance in automobile rates in Quebec.

The commission, he stated later, would be composed of government officials. But all interested parties will have representation either directly or indirectly. Georges Lafrance, superintendent of insurance for Quebec, is mentioned as one who is likely to be on the commission.

In view of the decision to hold an investigation into the insurance business, it is not likely now that the uniform insurance act submitted at the last session of the legislature by Hon. F. P. Brais, Government leader in the legislative council will be brought up again.

Main contentions in the brief submitted by the delegation from the Royal Automobile Club were:

The rate for guest passenger hazard in Quebec was much higher than in Ontario.

Quebec is the only province in Canada without a finacial responsibility law. Forty states across the border have such a law and it is reciprocal. The delegation quoted automobile underwriters as saying that financial responsibility legislation combined with other improvements in the law would make a reduction in rates possible.

Restriction of fleet automobile insurance to vehicles actually owned and operated as part of a business would also help to reduce the cost of insurance.

The delegation also complained of inadequate supervision of traffic and lack of precautions on icy roads as contributing to the frequency of accidents and claims in the province.

Insurance Company Reports

Wawanesa Mutual

Increase in total assets and surplus and an underwriting gain of $151,868 are features of the annual report of the Wawanesa Mutual Insurance Co. for 1940. Total assets now stand at over $2.8 millions and surplus is over $1.5 million.

The company announces that its policy of placing fire extinguishers on all unprotected risks will be continued in 1941. This service the company reports contributed to a substantial increase in written business in 1940.

	1940 $	1939 $
Total assets	2,894,437	2,636,428
Cash	592,634	488,390
Bonds	1,567,515	1,335,659
Stocks	257,264	235,866
Underwriting gain	151,868	187,323
Surplus	1,513,764	1,330,363

Montreal Life

Insurance in force with the Montreal Life Insurance Co. in 1940 increased 5.26% to $54.2 millions, according to the annual report of the company for the year ended Dec. 31. Total assets rose 5.26% also to $8.3 millions. The rate of interest earned on the invested assets was 5.14% compared with 5.02% in 1939. Policy reserves gained $460,000.

The company reported higher mortality during the year, some of the increased deaths being due to the war. For example five of the company's policyholders died on the Canadian destroyer Margaree.

Policy loans during the year showed a decline of $68,286. In 1940, President A. P. Earle said, the company paid out in taxes 3% of premiums collected.

	1940 $	1939 $
Insurance in force	54,221,998	51,512,000
Prem. income	1,310,786	1,283,159
Invest. income	374,464	312,113
Total assets	8,311,085	7,895,923
Pol. loans	778,080	846,366
Policy reserves	7,526,615	7,065,742

American Auto

Assets of American Automobile Insurance Co. in 1940 increased $1.2 million to $25.4 millions, according to the annual report just issued. Net surplus also rose $305,587, while net premium income was up almost $500,000.

The premiums of the American Automobile Fire Insurance Co., which operates under the same management, were $4,059,881 and combined premiums of the two companies amounted to $17.7 millions compared with $16.4 millions in 1939.

Premium reserve and claims reserve of the American Automobile Insurance Co. were both higher than the end of the previous year.

The company's Canadian operations are under the management of Shaw & Begg Ltd., Toronto.

	1940 $	1939 $
Net premium inc.	13,638,144	13,149,543
Total assets	25,425,906	24,140,108
Net surplus	8,871,165	8,565,578
Premium reserve	6,463,801	6,281,598
Claim reserve	6,995,583	5,709,940

Your Income Tax . . . .

From now until April 30, deadline for filing personal income tax returns, The Financial Post will answer questions from subscribers about their income and national defense taxes, as to exemptions to which they may be entitled, methods of payment, etc.

Enquiries are invited.

Single Person's Exemption

I am a single person with an income of $750. This is all from investments. Am I liable for income tax and National Defense Tax? What would the National Defense Tax be reckoned on if I am liable for it?

As you are a single person and your income is not more than $750 you would be exempt from income tax. You would, however, be liable for National Defense Tax, because as a single person your income is over $600. The National Defense Tax for 1940 will be calculated on half your income for the full year, that is it will be 2% of $375.

Charitable Donations

Can donations to church and Sick Children's Hospital be deducted from income under the heading Charitable and Patriotic Organizations?

Yes, donations to church and Sick Children's Hospital can be deducted from income as you suggest, provided the total of such deductions is not more than 10% of the net taxable income. If the deductions claimed are for large amounts they should be supported by vouchers.

Oil Company Dividends

Are dividends from International Petroleum subject to an allowance for depletion for income tax, and if so how much?

When National Defense Tax has been deducted from corporation dividends at the source does the defense tax have to be added in reporting income under that heading?

International Petroleum dividends are subject to an allowance of 10% for depletion. The rate of allowance is 10% because the company's wells are outside Canada. If they were in Canada the allowance would be 20%.

When National Defense Tax has been deducted from corporation dividends at the source, the full dividend should be reported as income for income tax purposes. Payments for National Defense Tax are not exempt from income tax.

Married in July

Is a man who married in July, 1940, entitled to exemption of $1,500 as a married man for the whole year for income tax purposes?

Yes, the income tax department does not attempt to assess or exempt a man for part of the year's income when his status has changed during the period. He is regarded as a married man.

Both Incomes Exempt

My income in 1940 was $1,440 and my wife made $720. We have no dependents. What income tax are we liable for?

You as a married man are exempt $1,500 provided your wife's total income is not over $750. As it is only $720 you are exempt the full $1,500 and her income being less than $750 is also exempt.

Trust and Loan Company Reports

Premier Trust Co.

Improved collections and rising estates business led to a rise in operating earnings of Premier Trust Co., Toronto, to $73,201 in 1940 as compared with $59,510 in 1939. Income taxes rose to $10,000 in 1940 from $3,000 the year before. Dividends of 4% were continued, against earnings of 5.13% on paid-in capital.

Guaranteed trust account declined approximately $115,000 during the year, the drop being most noticeable in longer-term obligations in the form of investment certificates and debentures.

Earnings Record

Year	Paid-up capital & reserves $	Net profit* $	Div. rate %	Rate† earned per sh. %
1936	737,977	33,946	5	5.69
1937	1,306,093	74,489	5	8.12
1938	1,351,527	65,467	5	5.44
1939	1,361,941	56,510	4	4.60
1940	1,367,101	63,201	4	5.13

*After deduction of income tax reserve, and not including premiums on sale of capital stock.

†Based on average amount of paid-in capital during year.

Liabilities to Public As at Dec. 31

	1940 $	1939 $
Invest. certfs. & debs.	1,584,549	1,665,154
Deposits	1,325,397	1,358,999
	2,909,946	3,024,153
Secured by:		
Liquid assets	1,077,387	1,091,180
Mortgages & int.	1,832,559	1,932,547
Other net assets	1,367,101	1,364,509
	4,277,047	4,388,236
Estates, etc.	10,180,512	9,902,047

International Loan

Higher collections in 1940 were experienced by International Loan Co., Winnipeg. Although the establishment of the quota system created a new problem in the collection of farm mortgages, assets of the company reached the highest level in its history. A dividend of 1½% was paid Feb. 10, 1941, a like payment having been made in Feb., 1940.

Summary of Position As at Dec. 31

	1940 $	1939 $
Net profit from oper.	22,424	23,906
Surplus forward	64,845	59,988
Mortgages, etc.	1,018,817	1,008,166
Real estate	66,050	64,601
Cash	18,194	28,770
Total assets	1,102,061	1,101,537

General Trust

Net profit of General Trust of Canada, after taxation, amounted to $67,720 in 1940, against $81,386 in 1939. Taxes increased during the year to $29,513 from $13,645. Earnings before taxation totalled $97,233, compared with $95,032.

Operations of the company were rendered difficult during the year by the number and complexity of returns which the company had to make, according to Senator Donat Raymond, president.

Following are balance sheet changes during the year:

Balance Sheet Changes

	1940 $	1939 $
Total assets	1,393,662	1,377,951
Guaranteed accounts	1,766,336	2,302,010
Estates, etc.	49,747,574	50,257,501
Sundries (liab.)	23,458	25,528
Reserves	60,961	45,400
Profit & loss acct.	204,243	202,023
Capital stock	1,105,000	1,105,000

Montreal Budget Changes Small

Estimates Call for Expenditure of $52.6 Millions in 1941-42

From Our Own Correspondent

MONTREAL. — Budget estimates of City of Montreal for the year beginning May 1, 1941, to April 30, 1942, provide for revenue of $52.6 millions and expenditure of an equal amount. This compares with estimate of $58.9 millions for the year ending April 30.

Relatively little change is shown in expenditure. A comparison of the two budgets is impossible because of the different methods chosen in framing the estimates.

Two new municipal departments will come into existence in the coming year, social welfare and town planning. These will entail slightly greater expenditure.

Estimated real estate taxation shows an increase of $104,717 to $13.5 millions. Increases are anticipated in the water tax and business tax.

Return from sales tax is estimated at $5.1 millions in the coming year, an increase of $188,210. A decrease of $80,000 is looked for in permits and license income.

Bonds Being Called By Ames Holden Tire

MONTREAL.—Ames Holden Tire & Rubber Co. has called $22,300 of its 7% first mortgage bonds for redemption May 1 at 105 and accrued interest.

National Trust Co., trustee, has announced serial numbers of bonds drawn, which may be submitted to it for payment. Bonds cease to draw crued interest. The bonds have been assumed by B. F. Goodrich Rubber Co. of Canada.

Public Utility Earnings

Brazilian Traction
January

	1941 $	1940 $	Incr. %
Gross earnings	3,292,290	2,987,998	10.18
Less: Oper. exps.	1,589,507	1,471,836	7.99
Net earnings	1,702,783	1,516,162	12.31

Before depreciation and amortization.

Operating results shown in dollars are taken at average rates of exchange. All figures subject to final adjustment.

East Kootenay Power

January:	1941 $	1940 $
Gross earnings	40,242	46,340
Operating expenses	20,235	19,544
Net earnings	29,007	26,796
10 Mos. end. Jan. 31:		
Gross earnings	509,846	454,014
Operating expenses	176,236	165,752
Net earnings	333,610	288,262

Canada Northern Power

January:	1941 $	1940 $
Gross earnings	420,373	437,962
Operating expenses	222,244	234,768
Net earnings	198,129	203,194

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TORONTO

THE Dominion of Canada GENERAL Insurance Company
Established 1887
Fire Casualty Life

The Independent Order of Foresters

The Certificates issued by The Independent Order of Foresters furnish a wide range of insurance protection, and associated with membership there are valuable fraternal benefits.

Mortuary Benefits, Sick Benefits, Disability Benefits, Old Age Benefits, Automatic Non-forfeiture Privileges, and Certificates maturing at ages sixty and sixty-five.

ASSETS OVER $44,000,000.00

FRANK E. HAND, Supreme Chief Ranger

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Fire Insurance and Allied Lines
AGENCY INQUIRIES INVITED
NATIONAL RETAILERS MUTUAL INSURANCE COMPANY
Concourse Building, Toronto

The Wawanesa Mutual Insurance Company
"CANADA'S LARGEST FIRE MUTUAL"
FIRE (Rural and Urban) SPRINKLER LEAKAGE
WINDSTORM AUTOMOBILE PLATE GLASS, Etc.

BALANCE SHEET, DECEMBER 31, 1940

ASSETS

Cash on Hand and in Banks		$ 592,634.87
Bonds at Book Value	$1,567,515.33	
Stocks at Book Value	257,264.09	
Guaranteed Investment receipts	55,000.00	
Mortgage Loans	87,572.79	
Agreements for Sale	5,957.27	
		1,973,309.48
Real Estate		106,262.19
Interest and Dividends due and accrued		31,172.06
Agents' Balances		151,879.69
Premiums due Note Policies (not over sixty days)		27,043.76
Balances due from Re-insurance Companies		2,934.42
Accounts Receivable		9,200.23
		$2,894,436.70

LIABILITIES

Provision for Unpaid Claims	$ 178,632.09
Reserve of Unearned Premiums	1,015,599.56
Taxes due and accrued	58,848.91
Re-insurance Premiums	28,703.26
Staff Pension Fund	13,854.34
Expenses due and accrued	15,790.22
Reserve and Unpaid Losses under Unlicensed Re-insurance.	24,880.97
Investment Reserve	44,271.70
SURPLUS	1,513,855.65
	$2,894,436.70

Unassessed Western Premium Notes $1,113,219.26
Dominion Government Deposit 1,041,353.86

I certify that the above Balance Sheet is drawn up in accordance with the books and records of the Company as at December 31, 1940, and that I have obtained all the information and explanations required as auditor.

Regina, Feb. 5, 1941. E. S. BIGGS, C.A.

C. M. VANSTONE, Managing Director. F. B. MacARTHUR, Treasurer.

Increases in Surplus $ 183,491.76
Underwriting Gain 151,868.43
Total Admitted Assets 2,894,436.70

2,000 Friendly Agents from Atlantic to Pacific

Head Office: WAWANESA, Manitoba
Eastern Office—TORONTO, Ontario
Branches at:
VANCOUVER - EDMONTON - SASKATOON - WINNIPEG - MONTREAL - MONCTON
— OVER 150,000 Members Across Canada —

Banking

Business Regulates Volume of Currency

Under Normal Conditions Amount of Money in Circulation Varies with Activity of Trade and Industry — Prices Also a Factor

In this, the second article in a series dealing with currency inflation, the volume of money required for the business of a country is shown to depend on a number of factors including the general condition of trade and industry. When the volume of currency is increased artificially, without regard to these factors, prices are inflated and general confusion results. Succeeding articles will deal with the experiences of various countries which adopted currency inflation as a means of financing war or other heavy government expenditures.

Currency inflation has been defined as an increase in the volume of money beyond the normal needs of business. But what is the normal volume of money required for business? Investigations show that it is a very elastic thing depending on a great many factors.

By money here we mean currency in the form of coins or paper notes such as Bank of Canada bills.

Under modern financial systems currency is only one of two main forms of money in use. It includes coins or paper notes which are accepted as having a certain value because they bear the imprint or stamp of the government or some recognized authority such as the Bank of Canada.

The Other Money

The other kind of money is bank deposits which are transferable by cheque. They are a form of credit money distinct from currency which is cash money.

It is by credit money or bank deposits that the largest part of the business of the country is transacted. Currency is the kind of money that passes readily from hand to hand and is usually the legal tender of any country because it is supported by government authorities.

Under the Canadian banking system with its numerous branches, few people find it necessary to keep more money on hand than they need for their daily wants. They feel that if they put their surplus money in the bank, it is safe. It cannot be stolen nor can they lose it. Consequently, the average Canadian, when he gets his salary or wages, or when he is paid for a house or a carload of cattle, or of wheat, for instance, does not carry the money around with him.

He generally takes out only the amount of cash he needs for the next week or so, and deposits the rest in one of the banks. The amount he keeps is in the form of paper or coin money. He keeps it in his pocket book or bureau drawer and makes small payments from it as he buys goods or services. What he puts in the bank becomes deposit money and from it he makes larger payments by cheque for his rent or when he buys an automobile, for example.

Quantity of Money

The quantity of money he keeps out of the bank varies according to a number of factors. They include:

Condition of business
Prices of goods and services
Hoarding
Banking facilities

If business is good and people are well employed and drawing good pay, they spend more. The salesman who is making large commissions pays more for his lunch each day, buys more cigars, tips more liberally and wants new gloves and new ties more frequently. His family also spends more money on clothes, eats better meals, goes to the show more often and usually enjoys a higher standard of living. When business is bad and many people out of work or making only small wage, they naturally reduce their expenditures. They are anxious to keep their money in the bank if possible for the future. Accordingly they carry less currency around with them. Consequently the volume of money in circulation among the public varies with the general condition of business.

Varying Demands

Another element that must be considered affecting the volume of business in a seasonal way and the circulation of money is the varying demands for goods at different times of the year. Thus at Christmas time it is usual for people to make a great many small purchases at the retail stores for which they pay cash.

They get this cash by keeping it out of their pay before it is deposited in the bank or by withdrawing some of their deposits. Usually at such a time the amount of Bank of Canada notes in circulation rises as well as the amount of coin money in use. The same thing happens at Easter time when people are buying new spring clothes and furnishings in volume, or in the early autumn when in normal times the farmers get a larger amount of money for their crops and use it to make purchases at the stores. When this seasonal demand, however, subsides, people again carry less money with them and the surplus currency the individual or the merchant may have is deposited in the banks and eventually is withdrawn from public circulation.

Influence of Prices

Prices, too, affect the amount of money people carry with them according as they are high or low. If a man in the ordinary course pays 40 cents for a haircut, $5 for a pair of shoes and 50 cents for a necktie, he does not have to carry as much money on his person as when he has to pay 50 cents for the haircut, $7 for a pair of shoes or $1 for a necktie.

Hoarding is another element that affects the volume of currency required. If for some reason people prefer keeping their money in a sock or a cracked china teapot to having it on deposit in the bank, they will take all their wages or deposits in currency and tuck them away. This increases the total volume of currency outstanding in a country even though it is not in active circulation. It is one reason the outstanding circulation of United States currency has increased sharply. In the months preceding the outbreak of war many people in Europe thought United States dollars the safest kind of money in the world. Accordingly they exchanged their pounds or francs for them and hid them away. These hoarded U. S. dollars are included in the U. S. circulation outstanding, but are not actively in use.

Banking Facilities

Existence or lack of banking facilities moreover often affects the amount of money people carry with them. If there is no bank within many miles, you may have to keep a month's requirement of cash in your house. Even though you have a large deposit in the bank people may not always be willing to accept your cheque, especially if the bank is far away and they cannot verify your ability to meet the payment. Consequently they want the cash.

An example of this also was shown in the United States recently following the numerous bank failures there in the depression years. Banks were closed in many areas. People consequently have to keep more money in actual cash to meet their payments than if they had good banking facilities.

Accordingly it will be seen that if the individual requires more cash or wants it for any purpose and therefore draws his income and any other assets he may have in the form of money, he increases the volume of currency in circulation.

Thus the people at large under normal conditions to quite an extent control the volume of currency in the country. The total volume of money required therefore for business at any given time might be computed by taking the requirements of the average individual and multiplying it by the total number of the spending population.

In any country, of course, the amount of currency required by the population as a whole expands as the population grows or as the per capita wealth of the people increases.

Currency dollars, like deposit dollars, represent a share in the available wealth in the country.

Currency Inflation

But currency inflation as it has been advocated at different times for centuries is an artificial increase in the supply of money, having nothing to do with the volume of business being done, the demand for money or the available amount of wealth. Consequently, when the volume of currency is increased, while the amount of goods to be exchanged for it remains the same, there is more money to be exchanged for the same amount of merchandise. Accordingly as shown in the previous article the purchasing power of each unit of currency is reduced because it represents a smaller claim on the total available wealth. Prices rise.

This in turn reacts on the Government responsible for the currency inflation. The government finds its new dollars are not so valuable when it comes to paying wages for services or buying goods. It still needs more money. The usual course in such cases is to resort again to a further increase in the currency. Thus more money is created, which reduces the purchasing power of each monetary unit or dollar again. Then again more money is required. Thus the vicious spiral goes on. Prices rise each time the volume of money is increased. Ultimately an end comes to the amount of money that can be created and the height to which prices can rise. The ultimate result is financial chaos.

Difficult to Control

Few governments or individuals would willingly commit their country to a programme of currency expansion of this kind, but once started, it is difficult to keep under control. The printing of money seems such an easy way for a government to finance, especially when the need of money is great as in time of war or depression. People become blind to the dangers. This is more easily brought about because the results are not apparent usually until it is too late.

Thus depreciation of the currency and inflation in prices are the result of increasing the volume of money beyond the amount required for the normal needs of business. History is full of instances in which inflation of the currency of a country has got out of control with disastrous results to the nations concerned.

Bank Debits Are Higher

Payments By Cheque Increase as Business Expands

Expanding business in Canada is reflected in the larger volume of payments made by cheques on the chartered banks. These bank debits in January amounted to over $2.9 billions, an increase of 10%.

Gains were shown in three of the economic areas as well as the total. The areas where increases occurred were British Columbia, Ontario and the Maritimes. The prairies continued to be affected by the smaller wheat payments made to the farmers on the 1940 crop.

Comparative figures for the 32 clearing house centres in Canada follow:

Bank Debits to Individual Accounts
(Millions of dollars)

	Jan., 1941	Dec., 1940	Jan., 1940
Maritimes:			
Halifax	41.4	39.8	35.8
Moncton	11.5	12.8	9.9
Saint John	19.9	17.8	17.8
Total	72.8	70.5	63.5
Quebec:			
Montreal	699.9	821.9	682.0
Quebec	72.3	119.8	119.7
Sherbrooke	8.0	8.8	7.1
Total	780.3	950.6	808.9
Ontario:			
Brantford	12.2	12.6	9.6
Chatham	8.3	12.0	9.7
Fort William	6.6	7.9	5.9
Hamilton	80.8	77.1	62.7
Kingston	8.2	8.0	6.8
Kitchener	15.8	18.4	12.6
London	41.8	41.4	41.5
Ottawa	248.6	201.5	126.3
Peterborough	8.3	8.6	6.7
Sarnia	9.2	7.7	6.0
Sudbury	7.3	7.8	7.0
Toronto	960.5	996.0	811.3
Windsor	54.7	63.3	37.5
Total	1,462.6	1,462.6	1,135.4
Prairies:			
Brandon	3.2	4.3	2.8
Calgary	72.9	80.6	59.7
Edmonton	51.5	58.4	40.8
Lethbridge	4.6	5.5	4.3
Medicine Hat	2.8	3.3	2.0
Moose Jaw	6.6	8.2	6.7
Prince Albert	3.3	3.2	2.4
Regina	41.5	45.5	37.8
Saskatoon	11.4	13.5	10.2
Winnipeg	250.9	311.6	326.8
Total	448.8	534.2	493.7
British Columbia:			
New W'minster	7.5	8.6	6.9
Vancouver	138.6	148.7	136.2
Victoria	30.4	33.1	29.4
Total	176.5	190.5	172.5
Total for Canada	2,941.1	3,208.3	2,674.4

Monthly Bank Clearings

	February 1940 $	February 1941 $
Halifax	15,760,396	12,017,608
Saint John	11,198,221	8,829,716
Moncton	3,213,199	3,177,968
Sherbrooke	2,937,359	2,995,410
Quebec	19,679,374	18,731,908
Montreal	485,425,650	388,951,665
Ottawa	88,418,661	197,967,215
Kingston	2,260,736	2,420,187
Peterborough	2,281,055	2,247,126
Toronto	548,856,521	470,643,528
Hamilton	23,499,955	25,420,075
Kitchener	4,455,140	4,100,619
Brantford	4,050,983	3,579,320
London	11,864,396	10,106,528
Chatham	2,517,249	2,413,690
Windsor	11,030,715	13,374,192
Sarnia	1,699,862	1,642,219
Sudbury	4,083,720	3,778,937
Fort William	2,790,226	3,587,497
Winnipeg	159,687,755	125,492,835
Brandon	1,095,123	1,189,658
Regina	12,375,210	13,094,366
Moose Jaw	2,037,960	2,267,541
Saskatoon	4,728,960	4,996,810
Prince Albert	1,160,335	1,338,627
Edmonton	16,439,127	16,627,452
Calgary	22,408,089	23,666,259
Lethbridge	1,807,106	1,949,128
Medicine Hat	789,588	963,536
N. W'minster	2,903,901	2,902,289
Vancouver	79,741,994	69,482,792
Victoria	7,184,938	6,884,318

Foreign Exchange

During the week Feb. 25 to Mar. 3 there was no change in the quotation to the United States dollar at Toronto and Montreal which was $1.10 for buying and $1.11 for selling. The sterling rate likewise was unchanged at $4.43 buying and $4.47 selling. The rate is published daily by the Foreign Exchange Control Board.

Other Currencies, Mar. 3

Australia	3.58	N. Zealand	3.61
India	.3369	S. Africa	4.47
Japan	.2608	Hong Kong	.2728

Bank Chat

Not Lincoln's Words

According to the Edmonton Bulletin, Premier William Aberhart of Alberta must have suffered from lapse of memory or something when he wrote to The Globe and Mail of Toronto recently.

In his letter, as published, Premier Aberhart cited Abraham Lincoln as saying:

"I have two great enemies: the Southern Army in front of me, and the financial interests in the rear. Of the two, the one in the rear is my greatest foe."

This would indicate that the opinions of Mr. Aberhart and Mr. Lincoln about the financial interests were similar. Investigation by The Edmonton Journal, however, brought from Miss Ida Tarbell, reputed to be one of the greatest living authorities on Lincoln a telegram stating:

"No authority for words quoted by Mr. Aberhart in his letter of Feb. 18, to which you call my attention. Doubt if it exists."

Mr. Aberhart will have to look again for words of Lincoln to support his own views on the financial interests.

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Checking the Cheques

"Make a check before you take a cheque" and "Know your endorsers" are new slogans of the United States secret service. These warnings are considered especially necesary in regard to government cheques of which there are a tremendous number issued each year since the advent of WPA, AAA, CCC, Social Security and the like. This larger number of cheques issued has increased the opportunities for check forgers accordingly. In 1938 the United States Government issued 115 million cheques and in 1939 149 million. Forging signatures is made relatively easy because so many cheques go to transients without any bank account.

This condition exists to some extent in Canada where the number of workers has increased greatly in the last 18 months. Many of them also are paid by cheque from the Government or a company for which they work. In any case the chances for a crook to steal a cheque and forge a signature on it are increased considerably. Retailers often are willing to cash a cheque rather than lose a sale.

Bank tellers are always on the watch for forgeries. They can help to save their customers loss by urging them to use every care in cashing cheques for people they don't know.

Bank of Canada Assets Higher

Reserves of Foreign Exchange and Investments Show Gain

An increase of almost $11 millions in assets is shown in the statement of the Bank of Canada for the week ended Feb. 26. This was due mainly to a gain of almost $8 millions in reserves of sterling and United States exchange and holdings of Dominion Government bonds. The rise in foreign exchange holdings probably reflects payments received by the Dominion Government for war supplies as well as foreign exchange acquired through the chartered banks.

Deposits of both the Dominion Government and the chartered banks were higher.

Note circulation also rose $2.5 millions reflecting a continued demand for cash.

	Feb. 26 1941 $	Feb. 19 1941 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	350,311,461	347,746,865
Rest fund	3,722,910	3,722,910
Depos.: Dominion	53,724,400	47,272,028
Bank	208,163,224	205,472,957
Other	3,575,979	5,815,520
Total deposits	265,463,603	258,560,505
All other liabs.	4,735,306	3,524,606
Total liabs.	629,233,280	618,554,886
Assets		
In sterl. & U. S.	51,027,330	43,111,930
Subsidiary coin	861,144	860,451
Investments:		
Dom. gov. short	446,071,671	442,945,854
Other Dom. govt.	123,254,013	122,979,917
Total invest.	569,325,684	565,925,771
Premises	1,707,171	1,704,866
All other assets	6,311,951	6,951,868
	629,233,280	618,554,886

Celanese Pares Pref. Payment

Participating Dividend 60 Cents for 1940, Against $1.16 Year Ago

From Our Own Correspondent

MONTREAL.—Canadian Celanese Ltd. has declared a participating dividend on the 7% preferred of 60 cents a share payable out of earnings available at end of 1940. This compares with a similar payment of $1.16 a share, payable out of accumulated earnings available at the end of 1939.

The smaller payment indicates a less favorable level of activities in the past year. The company's plant was closed down for several weeks in the summertime, thereby adversely affecting earnings. In addition "excess" profits tax will work to the disadvantage of the company.

The participating dividend will be paid along with a dividend of 25 cents on the common stock, and regular quarterly dividend on the preferred, payable March 31, to shareholders of record date March 14.

Canadian Cottons Ltd. Declares $2 Bonus

From Our Own Correspondent

MONTREAL. — Canadian Cottons Ltd. has declared an extra payment of $2 a share on the common stock, payable with regular quarterly dividend of $1 a share April 1 to shareholders of record March 15. Regular quarterly dividend of $1.50 a share will be paid on the preferred stock at the same time.

A similar bonus was paid on the common stock in the 1939-40 fiscal year. Disbursements in both years total $6 a share.

Taxes Up 116.65% Profits Drop 3.99%

Net profits are losing in the race to keep up with taxes if the first 42 company reports for the calendar year 1940 as published in The Post can be used as a fair gauge.

This group of companies has to pay $17.3 millions of income and excess profits taxes for 1940. This is a rise of 116.65% over the provision for 1939.

In contrast this same group reported aggregate net profits for 1940 of $27.2 millions, a decrease of 3.99% from the $28.3 millions reported for 1939. The net profit figure is after all taxes and other charges.

Wide Range of Industry

Up to the issue of Mar. 1, The Financial Post had published annual reports for these 42 companies covering calendar years only. This does not include any banks, trust and loan companies or insurance companies. It only includes industrial companies, retailers, manufacturers of various kinds, investment companies, public utilities and similar concerns.

Also in order to make the tax comparisons as exact as possible it only includes companies which report on a calendar year basis. This means that the Excess Profits Tax will have to be provided for for all of the latest periods and for none of the preceding comparative period.

Study of this group of reports shows that taxes are up in every case but profits are up in only half of the examples, and down in the other half. In 1939 taxes were only 28.2% of net profits available after provision for all charges including taxes. But in 1940, taxes were equivalent to 63.67% of profits on the same basis.

In making this calculation, only income and excess profits taxes were used. The figures do not include, therefore, the multitude of other taxes—on real estate, on invested capital, fees and other imposts—which business has to pay to municipal, provincial or Dominion government.

This is an important trend for holders of shares in these companies, as well as for the companies themselves. Dividends come out of the net profits available after all taxation is provided. Continuation of the trend noted here suggests powerfully that dividend increases are likely to be disappointing to shareholders. With taxes going up at this rate, and more than offsetting the large gains shown in net earnings before taxation, it is hard to see where any important gain in aggregate dividends paid by Canadian companies is going to come from.

A detailed comparison of income and excess profits taxes and net profits for 1940 and 1939 for the 42 companies studied follows:

	Income and E. P. Taxes 1940 $	Income and E. P. Taxes 1939 $	Net Profit After Taxes 1940 $	Net Profit After Taxes 1939 $
Amalgamated Electric	51,908	13,663	79,800	56,515
Asbestos Corp.	235,000	260,000	724,853	1,279,809
Acme Glove	30,135	723	55,966	3,405
Building Products	440,000	100,000	413,843	487,597
Bell Telephone	3,483,000	1,168,200	6,690,542	6,569,448
Brompton	302,940	63,798	631,779	347,947
Burlington Steel	95,000	31,628	130,714	110,736
Canadian Bronze	120,000	70,000	187,776	267,408
Canada Foundries	199,675	27,000	105,010	104,986
Celtic Knitting	3,608	276	12,362	6,126
Can. Gen. Investment	36,000	16,000	406,515	392,785
Cosmos Imperial	340,500	53,023	210,345	214,842
Crown Cork	172,709	67,776	243,245	278,233
Donnacona Paper	69,917	2,246	129,640	8,986
Dunlop Tire	193,102	59,923	146,584	223,992
Easy Washing	21,303	6,504	25,303	25,089
Fraser Cos.	310,500	......	369,237	208,638
General Steel Wares	299,500	137,500	435,518	626,208
Great West Saddlery	33,000	12,812	48,916	48,436
Hinde & Dauch	300,000	60,000	414,882	295,996
H. Simon	26,000	10,000	38,329	46,944
Hart Battery	17,500	9,712	25,306	36,535
Lake St. John	61,000	......	112,118	......
Maritime Tel. & Tel.	397,759	230,004	437,182	436,959
Montreal Light, Heat	5,925,738	3,824,186	7,947,034	9,003,073
Modern Containers	61,177	15,854	54,155	67,318
Monarch Knitting	107,000	30,158	46,875	101,248
N. B. Telephone	118,629	53,694	336,796	312,301
Page-Hersey	625,397	283,122	942,051	1,126,515
Provincial Transport	136,000	33,000	140,322	155,533
Provincial Paper	280,000	105,000	273,217	343,743
Quebec Power	463,000	158,000	523,140	627,704
Stedman Bros.	230,000	103,000	274,665	341,625
Simpsons Ltd.	831,000	448,000	927,530	1,004,363
Shawinigan	717,000	419,000	2,064,942	2,304,826
St. Lawrence Corp.	3,495	3,268	509,239	315,513
St. Lawrence Paper	267,076	......	578,290	62,099
Standard Clay	12,013	......	21,310	(loss) 1,001
Sarnia Bridge	21,562	850	14,179	3,518
United Corps.	22,000	364	127,627	139,098
Western Grocers	105,000	70,000	269,634	226,730
Woods Manufacturing	140,000	40,000	55,599	99,020
	17,306,143	7,988,284	27,182,369	28,310,846

Staff Changes

The Dominion Bank announces the following staff changes:

W. S. WAUGH to be manager, Bloor St. and Dovercourt Rd., Toronto.

J. C. TAYLOR, formerly manager, Marmora, Ont., to be manager, Whitby, Ont.

H. E. TRAVISS, formerly accountant Hamilton, to be manager King and McNab Sts., Hamilton.

D. S. BLOXHAM, formerly accountant, City Hall Branch, Toronto, to be manager Queen's Quay, Toronto.

GREGOR MURRAY, formerly accountant, Belleville, Ont., to be manager Marmora, Ont.

W. F. SADLER, accountant, Yonge and Gerrard Sts., Toronto, to be accountant City Hall, Toronto.

R. E. REITZEL to be accountant Yonge and Gerrard Sts., Toronto.

W. O. ELLIOTT, formerly accountant, Yonge and Hayden Sts., Toronto, to be accountant Hamilton.

C. P. McCALLUM to be accountant Yonge and Hayden Sts., Toronto.

A. F. EDMUNDS to be accountant King and McNab Sts., Hamilton.

L. M. STEPHEN to be accountant at Belleville, Ont.

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The Imperial Bank of Canada announces the following staff changes:

J. A. GROSKURTH, formerly manager, Victoria Ave., Niagara Falls, to be manager, 1953 Yonge St., Toronto.

D. C. SHIRREFF, formerly accountant, Bay and Temperance, Sts., Toronto, to be manager, Victoria Ave., Niagara Falls.

J. F. McGINN, formerly accountant, 431 Yonge Street, Toronto, to be accountant, Bay and Temperance Sts., Toronto.

J. H. ALLEN, formerly of Adelaide and Victoria Sts., Toronto, to be accountant, 431 Yonge Street, Toronto.

R. F. GRANT, formerly of head office relief staff, to be accountant, Sioux Lookout, Ont.

J. P. DUNCAN, formerly accountant, Sioux Lookout, to be manager, Hudson, Ont.

J. S. Harrison, formerly manager, Hudson, Ont., to be manager, Paper and Sammon Avenues, Toronto.

W. H. STOCKMAN, formerly teller-accountant, Canwood, Sask., to be accountant, Red Deer, Alta.

R. H. TOWNROW, formerly accountant, Ridgeway, Ont., to the inspection staff, head office, Toronto.

C. E. MORRIS, formerly assistant accountant, Welland, Ont., to be accountant, Ridgeway, Ont.

W. CALVERT, formerly in charge at Timagami, Ont., to be accountant, Welland, Ont.

A. H. WILSON, manager, 1953 Yonge St., Toronto, to head office.

F. W. CUMMINS, manager, Pape and Sammon Avenues, Toronto, retires.

N. H. SCOTT, accountant, Red Deer, Alta., enlists in the armed forces.

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The Bank of Montreal announces the following staff changes:

H. B. GEORGE to be manager Carnduff, Sask.

T. L. JOLLIFFE to be manager MacGregor, Man.

E. G. ELLIOTT to be manager Tisdale, Sask.

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The Royal Bank of Canada announcces the following staff changes:

D. FISHER to be manager Great Village, N.S.

E. U. HIRTLE, manager Great Village, N.S., to be manager Waterville, N.S.

G. E. PUDDINGTON to be manager Whycocomagh, N.S.

C. C. TEMPEST to be manager Winona, Ont.

R. H. BAKER, supervisor's department, Halifax, to be accountant Kentville, N.S.

L. A. CARLEY, manager, Winona, Ont., retires on pension.

Weekly Bank Clearings

	Feb. 27 1941 $	Change yr. ago %	Feb. 20 1941 $
Halifax	2,938,568	+25.3	3,050,731
Saint John	2,230,927	+34.5	2,202,198
Moncton	820,903	+19.1	758,874
Sherbrooke	598,239	—3.8	873,662
Quebec	3,669,226	—19.7	4,887,084
Montreal	99,437,378	—24.5	103,746,801
Ottawa	54,712,503	+205.2	36,398,515
Kingston	547,518	+27.3	565,806
Peterborough	454,800	—0.2	638,380
Toronto	106,298,330	+13.2	138,202,883
Hamilton	6,189,694	+23.9	6,265,345
Kitchener	994,015	+6.6	989,000
Brantford	844,044	+17.1	880,110
London	2,082,288	+12.7	2,449,963
Chatham	563,518	—8.6	577,635
Windsor	3,831,927	+36.9	3,215,745
Sarnia	367,869	+15.0	420,684
Sudbury	1,080,746	—3.4	772,376
Fort William	719,255	+26.5	1,067,165
Winnipeg	28,757,034	—9.5	33,158,891
Brandon	257,042	+17.1	311,119
Regina	2,726,990	+9.1	3,195,906
Moose Jaw	490,819	+45.0	652,610
Saskatoon	1,042,880	+18.1	1,271,708
Prince Albert	263,765	+12.1	326,969
Edmonton	3,633,149	+6.1	4,461,664
Calgary	5,281,967	+23.9	5,500,904
Lethbridge	426,151	+21.9	456,702
Medicine Hat	213,853	+32.4	252,311
N. W'minster	788,318	+10.2	705,100
Vancouver	17,987,246	+27.9	17,435,210
Victoria	1,611,561	+12.5	1,683,230

Great Northern Paper Maintains Price

From Our Own Correspondent

MONTREAL. — Great Northern Paper Co. has advised its customers that the second quarter price for 1941 will be the same as for the first quarter—$49 a ton based on delivery in New York City.

Great Northern Paper Co. will follow the policy for the present of announcing its price on a quarterly basis.

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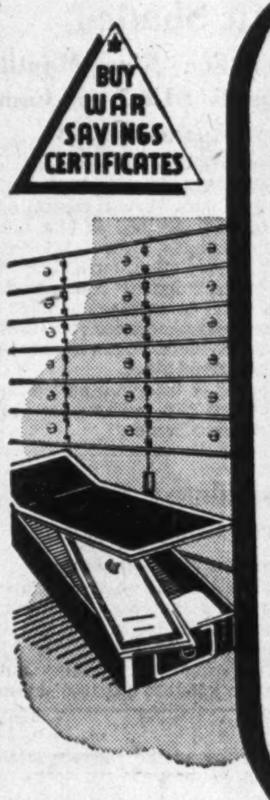
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Pulp and Paper Industry

More Newsprint Aid to War

Industry Will Bring Higher Total of U. S. Dollars Here

From Our Own Correspondent

MONTREAL. — Canada's newsprint industry will play an even greater part in the war effort of 1941 than it did in 1940.

The main contribution this industry makes is in providing the Dominion with tens of millions of United States dollars with which to purchase needed materials and supplies in the States.

Last year Canadian newsprint sales to American publishers aggregated nearly 2.6 million tons, for which manufacturers received between $125 and $130 millions in U. S. funds.

This figure will be exceeded in 1941, rising possibly to $140 millions.

No other Canadian manufactured product can equal this record. It might even be said that, gold excepted, no other Canadian product will produce as much in the way of U. S. dollars in 1941 as will the newsprint industry.

Contrary to Expectations

The heavier inflow of U. S. dollars from sale of newsprint is not general knowledge because of earlier predictions the industry expected a decline in all sales during 1941 of between 150,000 and 200,000 tons.

Such a decline will have a strong bearing on the Canadian dollar revenue of the industry during the current year. However, it is important to note, as far as this year is concerned, the decline in sales volume is anticipated in those countries coming within the "sterling bloc."

Gain in U. S. Sales

As far as sales to the United States are concerned, expectations are that there will be a moderate increase. In 1940 American publishers bought 2,594,452 tons. In January, 1941, sales totalled 261,298 tons, as against 251,032 tons for the same month last year.

Toward the end of last month Cranston Williams, general manager of the American Newspaper Publishers Association, announced that on basis of reports received, consumption for 1941 was estimated at 3.6% over that for 1940.

This estimate was based on returns of 844 questionnaires representing 1,869,761 tons of 1940 consumption. These papers, they estimate, will use 1,937,403 tons in 1941.

It is expected balance of American consumers will report a somewhat similar anticipated increase in consumption this year.

Provide Another $12 Millions

Realization of this prospect would give Canadian manufacturers an additional $12 millions of U. S. funds this year.

Aggregate U. S. dollar revenue in 1941 from newsprint sales should be in the neighborhood of $140 millions —an all-time record figure if realized.

See Smaller Demand

Shortly after the turn of the year Charles Vining, president of the Newsprint Association of Canada, made public his estimates of 1941 sales of newsprint paper.

Because of exchange difficulties, rationing in various British Empire countries, and availability of shipping, he estimated demand for Canadian newsprint in 1941 at 200,000 tons less than in 1940.

This decline is expected to apply to overseas countries almost in its entirety.

So far returns of manufacturers indicate this estimate is justified. While still a little too early to be dogmatic about overseas sales this year, still there is no reason so far to change the opinion formed nearly two months ago.

Changes in Process

The principal change in the overseas trade is taking place in the Australian market. The sister Dominion will sharply curtail imports of Canadian newsprint this year. This has been made necessary by rationing and the necessity of conserving exchange.

Last year shipments to the Australian market totalled 164,021 tons, as against 130,812 tons in 1939.

A small part of the Australian market's requirements will be met by the new newsprint mill just starting up in Tasmania. Affecting Canadian trade to a much greater extent is the restriction in size of papers, so that sales to Australia in 1941 will be considerably under those for 1940.

Empire Conserves Resources

Demands from the United Kingdom will also be less in 1941. There was a fairly heavy carry-over of supplies from last year which, in conjunction with the smaller papers, will mean less newsprint consumption.

Other British Empire markets are not expected to purchase as much newsprint paper in 1941 as in 1940. Two exceptions are British India and British South Africa, which are likely to take increased deliveries.

More for South America

South American market holds out fair promise this year. During 1940 there was a very heavy increase in shipments because of the elimination of the Scandinavian mills from that marketing area. Argentina, for example, more than doubled imports of Canadian paper. Brazil's imports were up six times; Chile, nearly five times; Peru, over five times, and so on.

A gain is expected, but the increase in shipments will not be nearly so pronounced as it was last year.

On balance the Canadian newsprint industry's revenue in 1941, in terms of Canadian dollars, is expected to be somewhat less than last year. But U. S. dollar revenue will be greater.

Blank-Stoller photo.

TECHNICAL HEAD

E. N. Little, general manager of Anglo-Canadian Pulp and Paper Mills and of Gaspesia Sulphite Co., who will direct the Dominion Government's new wartime bureau of technical personnel.

Pulpwood Exports To U. S. On Lower Scale

From Our Own Correspondent

MONTREAL. — Canadian pulpwood exported to the United States during December amounted to 79,264 cords valued at $591,757. This contrasts with shipments of 91,543 cords with a value of $829,979 in the preceding month.

I. P. & P. Profit Reaches High

Expected to Equal Record $6 a Share on the Common

From Our Own Correspondent

MONTREAL.—Earnings of International Paper & Power Co. in 1940 reached the highest peak in the company's history. Volume was much greater than in the preceding year, and with prices at better levels it is indicated net profit will reach $16 millions. This compares with $4.9 millions in 1939. Earnings on the common stock would equal about $6 a share, compared with 14 cents in 1939.

In the nine months period to Sept. 30, International Paper & Power showed net profit of $12.2 millions, equal to earnings on the common stock of $4.79 a share.

1937 Previous Record

Best previous year in the company's history was in 1937, when net profit amounted to $9.1 millions, or $2.47 a share on the common.

International Paper has paid out $6.25 a share on the preferred stock, or a total of $5.8 millions, which leaves a balance of $10 millions, plus depreciation reserves for improvement of physical and financial position of the organization.

The company attempted to refund its outstanding obligations last year, but the Securities & Exchange Commission prevented the measure from becoming effective.

Alternative measures for refunding have been contemplated by the directors since that time, and there are indications that plans may be forthcoming in a relatively short time.

MODERN CONTAINERS EXTRA

Modern Containers Ltd has declared an extra dividend of 10 cents a share on its common payable, along with the regular 20 cents payment, on April 1, 1941, to shareholders of record March 19. The company has been paying regular dividends of 20 cents a share quarterly, plus extras of 10 cents over the past year.

U. S. Newsprint Use Up 5% in January

From Our Own Correspondent

MONTREAL. — Newsprint consumption in the United States in January was 5% higher than the same month last year, and the best January since 1937. Allowing for seasonal fluctuation, trend of consumption appears to be toward moderately higher levels.

Production of Canadian mills was at 71.5% of capacity in January, slightly higher than indicated demand.

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Crown Zellerbach Profit Shaded

Net For Nine Months Equals $1.62 on Common Against $1.68

From Our Own Correspondent

MONTREAL.—Crown Zellerbach Corp. and subsidiaries report net profit of $5.7 millions in the nine months ended Jan. 31, 1941, after depreciation, depletion, exchange, interest, taxes, minority interest, etc. This is equal to earnings of $1.62 a share on the common stock outstanding after dividend requirements on the $5 preferred stock.

Net profit in the same period last year totalled $5.8 millions, or $1.68 on the common shares.

Consolidated Paper Issues More Stock

From Our Own Correspondent

MONTREAL.—Consolidated Paper Corp. reports that during January the company issued in payment of interest 694½ shares of capital stock, bringing the number outstanding to 2,550,636 450/1000 shares.

Australia Starts Newsprint Mill

Tasmanian Unit Is Designed to Produce 27,000 Tons Yearly

From Our Own Correspondent

MONTREAL. — After several years of survey and experiment, Australia is now manufacturing newsprint paper.

Australian Newsprint Mills Proprietary Ltd., owned by the leading Australian newspapers, has begun manufacture at Boyer, near Hobart, Tasmania. The pulp consists of two thirds eucalyptus groundwood and one third imported sulphite. The latter comes from British Columbia.

The mill is working three shifts. Commercial production is slated for early in March and the first shipments will be dispatched by the end of the month. The plant has a capacity of 27,000 tons yearly, which is equivalent to about one eighth of Australia's newsprint requirements.

Company Reports

Provincial Paper

Provincial Paper Co. reports a gain of about 10% in net earnings but heavier taxes and requirements for exchange premium on bond interest resulted in lower net profits. The final result is equivalent to $7.81 a share on the preferred stock against $9.82 a share for 1939. All of the company's common shares are owned by Abitibi Power & Paper Co. but no dividends were paid on the common.

Funded debt has been reduced to $3.3 millions from $3.4 millions at the end of 1939. Cash is down from just over $1 million to $581,325, but this is balanced by appearance of $499,475 of government bonds among current assets.

Income and Surplus Account
Years Ended Dec. 31

	1940 $	1939 $
Net earnings	1,056,194	935,748
Less: Deprec.	300,000	300,000
Bond interest	182,862	187,000
U. S. exchange	20,115	......
Inc. & E. P. tax	280,000	105,000
Net profit	273,217	343,748
Less: Pref. divds.	245,000	245,000
Surplus for year	28,217	98,748
Add: Prev. surp.	1,102,039	1,003,291
Surplus forward	1,130 256	1,102,039
Working Capital	$	$
Current assets	3,478,936	3,264,763
Current liabs	603,510	460,809
Working capital	2,875,426	2,803,954

National Light

Net earnings of National Light & Power Co. for 1940, as compiled from the company's monthly reports, rose to $139,301. This compares with total of $123,259 shown for 1939, in the annual report for that year. Both figures are taken before income taxes, amortization expenses and interest other than that of the first mortgage bonds. The improvement in earnings reflected an increase of 4.4 million kilowatt hours in power sales, the gain being partially offset by a rise of some $33,000 in operating expenses.

Income Account
Years Ended Dec. 31

	1940 $	1939 $
Operating earnings	630,463	600,398
Less: Oper. expenses	284,136	251,339
Net oper. income	346,327	349,059
Add: Misc. earnings	15,125	†
Net income	361,452	349,059
Less: Depreciation	92,097	93,079
1st mtge. bond int.	130,054	132,721
Net earnings*	139,301	123,259

*Before income taxes, amortization expenses and other interest.
†Included, after deducting fuel costs applicable to steam sales, under operating earnings in 1939.

Times Bond Interest Earned:		
Before depreciation	2.78	2.63
After depreciation	2.07	1.93
Output (kw. hours)	34,783,044	30,361,584

Crown Cork & Seal

Crown Cork & Seal Co. reports a gain in net operating profit for 1940, after expenses and depreciation. But because of heavier taxes, net profit is equivalent to $2.43 a share on the 100,000 common shares against $2.78 a share in 1939. Dividends paid last year totalled $1.80 a share compared with $1.60.

Investments are shown at $130,354, which is stated to be less than market value and are not included in current assets. This compares with $32,504 a year earlier.

Income and Surplus Account
Years Ended Dec. 31

	1940 $	1939 $
Net oper. profit	416,749	348,480
Add: Fixed asset adj.	105	1,079
Less: Inc. taxes	172,709	67,776
Invest. deprec.	900	3,550
Net profit	243,245	278,233
Less: Divds.	180,000	160,000
Surp. for year	63,245	118,233
Add: Prev. surp.	415,677	297,444
Surp. forward	478 922	415,677
Working Capital		
Current assets	841,602	764,186
Current liabs.	285,137	157,752
Working capital	556,465	606,434

Monarch Knitting

Earnings of the Monarch Knitting Co., Dunnville, Ont., rose approximately $22,000 in 1940 as compared with the preceding year. The improvement was more than offset by income and excess profits taxes which jumped $77,000 over the amount paid for 1939. The sharp increase is attributable to the low earnings in the first three years of the base period, which showed a loss on balance. Application for an adjustment in the company's standard profits will be made to the Board of Referees, according to J. A. Burns, president of the company. If the application is successful, some of the taxes allowed in the 1940 statement will not be required.

Sales for 1940 showed an improvement of 16½% over the preceding year, with war orders taking 13.8% of total sales. During the year inventories were increased to $965,000 from $628,000 at the beginning of the period. Bank loans of $239,000 and the increased allowance for taxes offset the increase in inventories, with the result that working capital was substantially unchanged in the period.

Income and Surplus Account
Years Ended Dec. 31

	1940 $	1939 $
Operating profit	188,875	166,406
Less: Depreciation	35,000	35,000
Income taxes	107,000	30,158
Net profit	46,875	101,248
Less: Preferred divds.	52,500	......
Surplus for year	*5,625	101,248
Add: Prev. surplus	594,088	500,958
Res. for royalties	12,431	......
Life ins. cash surr.	17,422	......
Tax adjustment	......	63
Less: Royalty res.	......	8,182
Tax adjustment	1,375	......
Surplus forward	616,941	594,088

*Deficit.

	1940	1939
Earnings per Share:		
Preferred	$6.25	$13.50
Paid	7.00	nil
Common: Earned	d0.44	3.82
None paid.		
Working Capital	1940 $	1939 $
Current assets	1,371,364	1,073,934
Current liabilities	542,705	240,793
Working capital	828,659	833,141
Other Balance Sheet Changes	1940 $	1939 $
Cash	58,485	97,820
Inventories	965,123	628,432
Bank loans	238,776	......
Reserve for taxes	107,000	30,158

Canada Wire

Merchandise sales of Canada Wire & Cable Co. in 1940 showed an increase of 75% over 1939, with operating profit of $2.3 millions, nearly double that of the preceding year.

Heavier depreciation and a large increase in income tax and "excess" profits taxes, however, resulted in an increase in net profit of only $52,300. Net for the year totalled $743,186, against $690,806 in 1939.

This was equal to earnings on the 6½% preferred stock, of $100 par value, of $26.01, compared with $24.04 in 1939. The class A stock earned $18.77 compared with $16.99, and class B shares, $2.90 against $2.56.

Cons. Income and Surplus Account
Years Ended Dec. 31

	1940 $	1939 $
Operating profit	2,298,480	1,174,581
Less: Exec. & legal	79,792	72,649
Directors' fees	4,958	3,300
Net oper. profit	2,213,730	1,098,632
Add: Other inc.	9,896	8,611
Net income	2,223,626	1,107,243
Less: Depreciation	391,440	229,437
Inc. & profits tax	1,089,000	187,000
Net profit	743,186	690,806
Less dividends:		
Preferred	186,248	186,817
Class A	118,674	118,676
Class B	188,329	75,331
Surplus for year	249,935	309,982
Add: Prev. surplus	1,034,507	741,726
Less: Loss on real est.	177	......
Loss on plant sold	......	1,585
Prior adjusts. (net)	......	15,616
Surplus forward	1,284,265	1,034,507
Working Capital	$	$
Current assets	5,210,827	3,817,666
Current liabilities	1,387,473	363,769
Working capital	3,823,354	3,453,897
Balance Sheet Changes		
Cash	825,761	754,997
Accts. rec. (net)	1,304,641	750,016
Inventories	2,776,582	1,855,476
Accts. payable	286,784	158,164
Preferred stock	2,856,600	2,874,000

McColl-Frontenac

Sales of McColl-Frontenac Oil Co. and its Canadian subsidiaries in the 11 months period ended Dec. 31, 1940, were the largest in the company's history. The company's year now ends Dec. 31 instead of Jan. 31 as previously.

Operating profit for the period increased to $3.9 millions from $3.6 millions in the year ended Jan. 31, 1940. Heavier taxation, increased depreciation and establishment of reserve for future inventory depreciation, however, more than offset this gain. Net profit dropped $208,239 from the preceding full year to $1.1 million.

Net in the 11 months period was equal to 66 cents a share on the common stock, compared with $1.05 in the year ended Jan. 31, 1940. There were 754,546 common shares outstanding at Jan. 31, but 553 shares were issued for cash during the year and 144,910 were issued for purchase of assets and business of Texas Co. At Dec. 31, 1940, outstanding common totalled 900,000 shares.

Cons. Income and Surplus Account

	11 Months ended Dec. 31 1940 $	Year ended Jan. 31 1940 $
Profit from oper.	3,850,087	3,559,986
Less: Legal fees	16,128	12,709
Exec. remuneration	149,150	157,750
Directors' fees	9,250	9,417
Add: Invest. inc.	28,372	30,103
Net income	3,703,931	3,410,213
Less: Depreciation	1,236,323	1,135,926
Bad debt res.	115,000	88,000
Bond interest, etc.	467,483	518,452
Bank interest	617	4,342
Bond disct. amort.	47,003	60,146
Inventory depr. res.	150,000	......
Inc. & profits taxes	630,000	337,603
Net profit	1,057,505	1,265,744
Less: Pref. divds.	467,279	471,257
Surplus for year	590,226	794,487
Add: Prev. surplus	3,181,629	2,285,637
Pref. shares red.	......	122,200
Prior adjust. (net)	......	3,234
Less: Prior adj. (net)	125,918	......
Pref. shares red.	79,420	23,929
Surplus forward	3,566,517	3,181,629
Working Capital	$	$
Current assets	10,169,654	8,576,609
Current liabilities	3,616,834	2,365,393
Working capital	6,552,820	6,211,216
Balance Sheet Changes	Dec. 31 1940 $	Jan. 31 1940 $
Cash	364,131	285,096
Dom. & prov. bonds	45,000	120,000
Accts. rec. (net)	3,075,877	2,398,701
Inventories	6,677,589	5,763,165
Accts. payable	2,225,143	1,530,461
Funded debt	11,900,000	12,200,000
Preferred	7,770,400	7,849,400
Common	11,053,904	9,599,364

Gypsum, Lime

Net earnings of Gypsum, Lime & Alabastine, Canada, for the year ended Nov. 30, 1940, reflect increased building activity and show a substantial increase in net earnings. Before allowing for income and excess profits taxes, but after bond interest and depreciation, the company earned 87 cents a share last year compared with 45½ cents a share in 1939. Provision for taxes, however, required 36 cents a share against eight cents a share for the preceding year.

Reserves for depreciation and depletion are substantially higher last year and a special reserve has been set up against a possible change in price of inventories. Higher working capital reflects a gain in cash from $161,953 to $330,887.

The company purchased an additional $103,000 of its bonds last year, reducing funded debt to $2,980,500. The company held $636,000 of its own 5½% bonds but sinking fund payments of $121,092 annually for the years 1933 to 1940 inclusive have not been made. First mortgage 6% bonds of the subsidiary, Standard Lime Co., have been reduced to $455,000. Capital expenditures last year required $170,972, representing mainly installation of a gas producing plant and additional lime kiln at Beachsville and an insulating rockwool plant at Caledonia, Ont. The auditors, Clarkson, Gordon, Dilworth & Nash, state that their report is subject "to the sufficiency of the reserve for depreciation."

Consol. Income and Surplus Account
Years Ended Nov. 30

	1940 $	1939 $
Manufacturing profit	1,359,266	1,055,472
Less: Sell., adm. exp.	456,583	425,092
Exec. sals., legal fees	25,454	{24,650 / 1,327}
Directors' remun.	9,667	8,100
Net earnings	867,562	596,303
Add: Invest. income	638	564
Total income	868,200	596,867
Less: Depreciation	261,945	183,619
Depletion	24,148	10,262
Bond interest:		
Gypsum, Lime	170,790	173,446
Standard Lime	27,302	28,809
Income & E. P. tax	159,526	35,384
Inventory reserve	16,446	......
Subsidiary loss	......	278
Net profit	208,043	165,069
Add: Prev. surplus	398,061	235,564
Less: Loss on assets	23,676	......
Invest. in subsid. w/o	......	2,572
Surplus forward	582,428	398,061
Earned per Share	$0.47	$0.38
No dividends paid.		
Working Capital	1940 $	1939 $
Current assets	1,548,465	1,199,425
Current liabilities	515,519	342,866
Working capital	1,032,946	856,558

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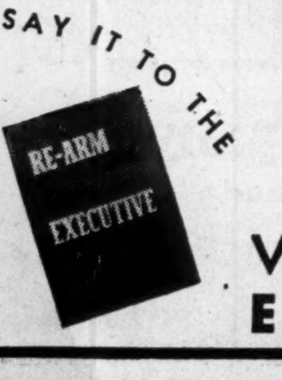

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Canadian Newspapers Uphold Right of Constructive Criticism

Mr. Howe's Accomplishments

Winnipeg Free Press

It is both wrong and harmful for Mr. Howe to describe just criticism as "sabotage," and his attack upon The Financial Post is, it will seem to many people, a most serious error. If The Financial Post has committed sabotage, The Free Press is likewise guilty, for, like The Post, this newspaper has done its best not to conceal unpalatable facts or to disguise shortcomings when these have appeared.

We would go farther than this. We would suggest that a less worried, a less overworked man than Mr. Howe would have paid closer attention to some of these criticisms when they had first appeared; and by so doing he would have nipped in the bud some of the difficulties that now impair the progress of parts of our vast programme. Mr. Howe, as has been often said before, has too much to do, and the situation at Ottawa cries aloud for some reform in administrative methods that would yield large and immediate dividends in results.

Apparently, however, it is difficult to make such suggestions without Mr. Howe or the Government leaping to the conclusion that sinister influences are at work to destroy them. Such influences may exist, but by far the major part of the criticism offered in the press and elsewhere is based upon an earnest desire not to hinder or to destroy but to help.

Nor should it be forgotten that, sadly enough, Mr. Howe has brought down upon his own head much of the criticism that has been made, by issuing a series of optimistic predictions as to the progress of production that have not been justified by actual turn-out.

* * *

Is Criticism Sabotage?

The Globe and Mail

Manifestly Hon. C. D. Howe, Minister of Munitions and Supply, has allowed himself to be worked into a state of bitterness over newspaper criticism of his department. He applied the ugly word "saboteur" to a Toronto financial journal, declared Mr. H. R. MacMillan had been "sabotaged," and accused the Globe and Mail of publishing an editorial founded on typewritten reports of conversations which never occurred, so far as he knows. This paper can say it knows nothing of typewritten reports of conversations between Mr. MacMillan and his friends, or of attempts to "sabotage" the chairman of the Wartime Requirements Board or the department; but if it is an offense to criticize governmental incapacities and failures, it pleads guilty.

The Globe and Mail has disagreed with much of The Financial Post's campaign, notably its continuous attack on the Bren gun business, but it does not believe the newspapers of the country which have been stepping on the heels of the Government are prompted by any other motive than a wish for greater speed.

Considering the insufficiency of information, how can the Minister blame the public and the newspapers for wondering what is going on, for complaining and criticizing, and asking that the bottleneck pet be dispensed with?

The Globe and Mail has given Mr. Howe credit for doing a good job with his department. It does not expect the impossible from him in the way of information. But it protests against his attitude on criticism of an obvious defect in the war effort, until a clear picture is given of real production.

* * * *

Criticism Has Been Constructive

Edmonton Journal

The promised "clarification" of aircraft production in Canada has been made in Parliament by Hon. C. D. Howe, Minister of Munitions and Supply, but it has failed to clarify. It has revealed Mr. Howe resentful of criticism, even when this has been of a constructive nature. When he characterized the Toronto Financial Post as the Dominion's "No. 1 saboteur" and charged that it had "attempted to stop Bren gun production in Canada" he went beyond the demonstrated facts.

Consider these four criticisms that have appeared in various newspapers, including The Edmonton Journal, and other publications in Canada during the course of the past two years:

1. That the contract with the then potential manufacturers of the Bren guns was not in the public interest and should be changed.
2. That Britain should be permitted to establish Royal Air Force training schools in Canada—this was before the outbreak of war.
3. That Canada should manufacture tanks and should organize mechanized divisions for overseas service.
4. That a one-month training period for conscripts was too short; it should be at least four months.

In every case the critics were assailed on the grounds that the Government knew best. The Bren gun contracts were defended by ministers of the crown. The sovereignty of Canada was invoked as a reason why R. A. F. schools should not be allowed to operate in the Dominion. The responsible minister told the country that tanks could not be manufactured in Canada; that straight infantry divisions were what the British authorities desired. The one-month training period was presented, on his own statement, as having been approved by the Canadian chief of staff and was defended on various grounds.

Now consider the final verdict of the Government itself on these four matters:

1. The original Bren gun contract was wiped out and was replaced by one much more favorable to the country.
2. Less than a year after the war began the Royal Air Force was permitted to establish its own training schools in Canada, these being distinct from and in addition to the Empire air training plan.
3. The Government found out that tanks could be manufactured in Canada, orders having been placed, and one armored brigade is in being and an entire mechanized division has been authorized.
4. The training period for draftees has been extended to four months.

Here, then, were criticisms in the press that have been proved so constructive, so valuable, that the Government has adopted the courses recommended. What was resented criticism when first published has become Government policy.

Mr. Howe and other members of the Government sometimes forget that responsible newspapers in Canada are as ardently anxious as they are to have the Dominion's war effort as soundly based and as extensive as possible. So, if newspapers and magazines seem convinced today—and they are—that aircraft production in Canada is not all it might be, Mr. Howe should not see in such criticism an effort to "sabotage" him or any of his assistants. He should read it rather for what it is, an effort to increase production by the only means open to the press—by discussion of known facts, by revealing of facts not generally known to the public, by publication of the opinions of those regarded as experts in the matters under review.

* * * *

Strong Language

Windsor Star

In the present case, for instance, he (Mr. Howe) has a record of achievement to which he can point with some pride. That it is not perfect does not perceptibly weaken his case or that of men who are aiding him. No one expects perfection in government or administration, and many errors can be overlooked when there is evidence of good intent, and none of lack of ability.

Unfortunately, however, Mr. Howe chose to bring his speech down to the level of one particular outburst which he made. His labelling of The Financial Post as the "No 1 saboteur" of Canada went entirely too far.

We have disagreed on many occasions with The Financial Post. We still believe it is wide of the mark in many of the views it holds. But we do not believe that Mr. Howe or any other citizen of Canada can justly impugn its patriotism.

If his attack on the paper meant anything at all, it meant that he accused it of disloyalty. Sabotage is a crime in Canada; thus The Financial Post was accused of being criminal. If Mr. Howe wishes to make charges of criminal activity against any person or organization in Canada, then it is his duty as a member of the Government to proceed against such person or organization by process of law. If The Financial Post is a "saboteur," it should be suppressed.

We doubt very much that Mr. Howe has any intention of making a move in that direction. If not, then, he should moderate his language.

* * * *

Shall We Criticize?

The Kingston Whig-Standard

There are those who claim that this criticism is detrimental to the war effort, that it makes it appear that Canadians are not united in their desire to make the greatest contribution to the Empire's struggle. We do not agree with those who feel that there should be no criticism of any individual or policy. Canada is a democratic nation and all our efforts are being devoted to keeping her so. Under a democratic form of government, free and open criticism is not only allowed, it is encouraged.

In the first place, there is absolutely no criticism of Canada's participation in the war. Canadians are wholeheartedly for an unlimited war effort.

In the second place, the present Dominion Government has, we feel sure, the confidence of practically the same number of persons who elected it overwhelmingly just a year ago.

Now, within the framework of these two facts, there is criticism of the Government from day to day. This is a healthy sign. The people are vitally interested in everything the Government does or does not do. Some of the criticism is justified and helps bring about remedies of conditions that should not exist. Some other of the criticism is unjustified or ill-informed, but, nevertheless, sincerely offered.

Without the spur of criticism Canada's war effort would not progress as swiftly as it is. Let us all try to be fair and honest in our criticism, but let us not sit with our mouths closed if we believe that any public matter should be discussed. Sometimes people have the idea that it is only in Canada that there is any criticism of the Government's war effort. Therefore, they get the idea that everything is going swimmingly in Great Britain, Australia, New Zealand, South Africa and other parts of the Empire, but not in Canada. The facts are that there is just as much criticism of the Government in Great Britain as there is of the Canadian Government in Canada.

Apparently Mr. Churchill and his Government are not free from criticism, even the criticism of their own supporters. Self-criticism is one of the things which has made the British Empire great. It hurts sometimes, but it often helps. It is something the dictators miss, to their great loss.

MacLean Publications Back All Out War Effort

Statement by Horace T. Hunter, President, MacLean Publishing Co.

Hon. C. D. Howe, Minister of Munitions and Supply, attacked The Financial Post in Parliament on Feb. 26, 1941. Among other things he stated:

"I make this charge and I do it after careful consideration, with a full knowledge of the facts of which I speak. The No. 1 saboteur in Canada since the beginning of this war is The Financial Post of Toronto."

As his remarks were carried by newspapers to readers in all parts of Canada, the following statement was prepared and sent to the press the same day by Horace T. Hunter, president of The MacLean Publishing Company:

"Any criticisms that have been made by The Financial Post and other publications of The MacLean Publishing Company have been based upon a thorough study of all the available facts. These criticisms have had but one purpose: To inform the public and arouse national sentiment for the 'total effort' that the Prime Minister declares to be necessary for total war.

"The Financial Post and its sister publications are wholeheartedly behind the 'all-out, national effort,' which is the kind of contribution that the people of Canada want to make to victory.

Basic Weaknesses

"There have been basic weaknesses in the organization of our war effort. This was to be expected in view of the prodigious task which has had to be assumed by the Government and the people. Our anxiety has been to see that they were remedied at the earliest possible moment. The press of Canada has grown increasingly anxious about these flaws, and has been bringing them out into the open in the hope that, if they were brought to the attention of the public, it would strengthen the hands of the Prime Minister in taking steps to correct them. Only last week the chief journalistic supporter of the Government published an article setting forth many points at which our war effort has fallen short of what the people of Canada feel is necessary.

"Mr. Churchill and leaders of the British Government have stated emphatically that they welcome criticism and suggestions. Apparently Mr. Howe denies the right of the press of Canada to criticize any aspect of the Government's conduct of our national war effort.

"Mr. Howe's statement that The Financial Post opposed manufacture of Bren guns in Canada is absolutely and entirely false. We criticized the original contract because of its unbusinesslike terms and the circumstances under which it was let. Mr. Howe recently admitted the soundness of our criticisms by cancelling that contract.

In Public Interest

"Mr. Howe questions our right to republish as advertisements in other newspapers an editorial from last week's issue of The Financial Post. These advertisements were published by The MacLean Publishing Company in the public interest. We believe that speeding up of aircraft production in Canada is vitally important. We published the advertisements to secure a wider audience because we believe that an informed public opinion is the strongest assurance that any weaknesses in our war effort will be quickly corrected. The Government spends the taxpayers' money to reprint the speeches of Mr. Howe and other ministers. Mr. Howe objects to our spending our own money to publish a statement that we believe to be in the national interest.

"Constructive criticism, based on accurate information and designed to achieve greater efficiency in our war effort, is not sabotage. The one thing that is likely to sabotage or weaken Canada's war effort is failure to correct any weaknesses in administration, when they are brought to the attention of the Government.

Constructive Force

"In the last war, copies of The London Times were burned on the floor of the London Stock Exchange because it pointed out weaknesses in Britain's munitions production. But those weaknesses were corrected and The Times was recognized as a great constructive force in the winning of that war.

"The people of Canada want to make their contribution to the winning of the war a worthy one. Especially do they want this country to achieve the fullest war production of which we are capable. The Financial Post and all of our publications will at all times assist in the attainment of that objective."

* * *

Ottawa's Leadership

Vancouver Sun

There have been some newspaper articles which the minister concerned, Hon. C. D. Howe, did not relish.

In yesterday's session he cried out in wrath and annoyance against the Toronto weekly, The Financial Post, accusing it of sabotage activities.

Aside from this outburst, Mr. Howe made a reasoned reply, but by the circumstances of the case was forced to address himself to the rumors.

The Sun hastens to agree with Mr. Howe that in many categories of industrial output in the cause of the war Canada has performed famously. In chemicals and explosives and clothes and boots for soldiers, in Bren guns and trucks, in small arms and ammunition and in many other articles in demand for the army and navy, output and quality have been splendidly kept up.

But in industries that are new, because they are war industries, and Canada normally is not a warlike nation, the record is not so good. Setting up the manufacture of airplanes is a very complicated business. In the making of tanks and field guns, the score needs improvement.

If you read Mr. Howe's statement in the House yesterday, you cannot escape the realization that in these three most important areas of production, planes, guns and tanks, the best than can be said is that Canada expects to be turning them out some time soon. The dates are mentioned hopefully, but not too definitely, because heretofore "some predictions turned out to be too optimistic," to use Mr. Howe's words.

We believe the win-the-war departments need a speed-up reorganization. In years gone by Mr. King has taken his time, he has depended on a balanced judgment, there was seldom the need for hurry.

Today Herr Hitler furnishes the overwhelming time factor. We ask Mr. King again to act quickly and resolutely to repair the weak spots in Canada's war front, to develop a special Cabinet group, free from politics, undertaking no burdens—other than directing the battle, Ottawa vs. Berlin.

* * *

Mr. Howe Turns on His Accusers

Port Arthur News-Chronicle, Ont.

It has finally come to the point where Mr. Howe turned on his accusers. Surrendering the virtue of patience, he has described the Toronto publication as the number one saboteur in Canada since the beginning of the war and has described some of its statements as "absolutely and entirely false."

The public has to form its own opinions and make its own judgments in such cases as this. When two statements are at variance the only thing to do, sometimes, is to consider the good faith and the position of the parties to the controversy.

That the public will credit Mr. Howe with less of good faith than the management of a Toronto weekly publication is not at all certain. Some consideration will also have to be given to the relative opportunity and facilities of the two parties to decide what is right and proper in promotion of the war effort. There are those who feel that the Minister, at the centre of things, has an advantage over a Toronto newspaper.

This does not mean that the press should not criticize, much less that it should refrain from expressing what it believes to be public opinion. It is the duty of the press to mirror public opinion to the best of its ability, and if the Toronto paper believes the war is not being prosecuted with sufficient vigor to satisfy the public, it should say so without hesitation and the Government should listen.

* * * *

A Belated Statement

London Free Press

Mr. Howe made a bitter attack on The Financial Post and other papers which have been demanding a reorganization of the aircraft industry. If Mr. Howe had been frank and candid with the public and stated the facts long ago he would have saved himself and the ministry a lot of grief. In a democracy the public must be taken into the Government's confidence. This has been the strength of Rt. Hon. Winston Churchill. This is particularly true where there is a party Government, as in Canada, in office.

* * * *

We'll Take Mr. Howe in the Gross

Ottawa Journal

Mr. Howe . . . has not understood that in a democracy criticism, even when it is wrong, or perhaps unfair, is mostly a good thing, and that, in the gross, it is a terribly necessary thing. Acting as a stimulus and a check, it constitutes a public audit, is a true part of our British heritage; something the Canadian people will not give up.

Mr. Howe says he doesn't mind newspaper criticism so long as the newspapers get the facts. The answer, surely, is that if Mr. Howe's own statements turn out to be wrong (and some of them about rather important things have been in that category), what are the newspapers to do about it? Where are they to get the facts? The newspapers, most assuredly, would not have been dealing in facts had they gone on Mr. Howe's statement of last July that early this year Canada would be turning out 360 planes per month. Mr. Howe, it must be remembered, kept on repeating that statement. The newspapers which have challenged this statement by Mr. Howe turn out to be right.

Politician Attacks Post

Canadian Statesman, Bowmanville

A few days ago, Hon. C. Decatur Howe, Minister of Munitions and Supply, arose in the House of Commons and made this deliberate statement:

"The No. 1 saboteur in Canada since the beginning of this war is The Financial Post of Toronto."

There is more of querulousness than viciousness in this ill-considered attack. The Post and MacLean publications generally need no outside assistance in refuting such tirades. The Statesman, upon occasion, has both praised and criticized The Post, but our voice doesn't carry very far.

In this case we feel impelled to a few observations. First it may be noted that general policy of MacLean publications is still directed by Col. John Bayne Maclean, founder and chairman of the board—that grand old patriot and dean of Canadian journalism. This attack, therefore, may be considered as a direct personal affront, by a new Canadian, to one of pioneer stock and paramount patriotism.

Secondly, those familiar with MacLean's highly developed means of securing fact material and inside information—"the news behind the news"—know full well that they get at basic truth while often the Minister himself is misled by subordinates.

The editor of The Statesman is one of the few who, day by day, wades through Hansard. Our opinion is that various recent speeches by Mr. Howe admit generally the truth and reasonableness of The Post's main criticisms.

It would be easy and tempting to descend into the realm of personalities and take the measures of respective national services and degrees of patriotism in this cross-fire, but this can safely be left to public opinion.

* * *

Criticism and Sabotage

Sudbury Star

Commenting on strictures aimed at his department, Munitions Minister C. D. Howe on Thursday referred to The Financial Post as "Canada's number one saboteur." This reference was inspired by the persistent attacks which The Post directed at the Government's war effort.

From a neutral standpoint (political, not war) it must be admitted that The Financial Post has performed a great public service in its revelations and criticism of the Government's wartime conduct of affairs, and the various charges made have been published after long and careful scrutiny of the facts. The stand taken has always been forceful, but in no sense, from the average reader's point of view, could it be taken as bordering on subversion.

* * *

Handling the Press

Cornwall Standard-Freeholder

To deny the right of the press to criticize the actions, or the lack of action, of any administration seems to us to be about the same as denying Mr. Hanson or any person in the Opposition the right to criticize it. Of course, no one has denied its right yet, but Mr. Howe went quite a piece when he described The Financial Post as "No. 1 saboteur in Canada." That takes in a lot of territory.

We say this without trying to enter into a discussion of the merits or demerits of The Financial Post articles. It is also quite true that the Government's position is made difficult by the necessary wartime secrecy, which makes it impossible to unveil all the facts. But a newspaper's criticism, even if put in very strong terms, should not lead to the use of that handy but very dangerous word "sabotage."

* * *

Saboteur No. 1

St. Catharines Standard

Munitions Minister, Hon. C. D. Howe, speaking in Parliament yesterday, declared The Financial Post, Toronto, to be Saboteur Number 1 in Canada. That publication will probably be able to take care of itself in the controversy, but there was an issue of national interest touched upon by Howe which needs some examination.

Mr. Howe stated that The Post tried to stop the manufacture of Bren machine guns in Canada. His observation in this respect is grossly inaccurate. It recalls the controversy over the famous or infamous Bren machine gun contract, adroitly wangled by an official letter to the British Government by a Canadian Cabinet Minister. It was a stock promotion job in its origin, something which has been substantiated by the Government itself in the action taken to wipe the contract out, and substitute management fees only, from the very beginning of operations. The Government not only did this, but kept the matter secret from the Members of Parliament at the last session. Its action was a confession in itself.

As a matter of fact, Col. Drew, writing in Maclean's, an associate publication with The Financial Post, rendered the country a distinct service in exposing the Bren machine gun contract. But there never was a suggestion from any source that Bren machine guns should not

(Continued on page 12)

Britain's Churchill Welcomes Criticism

Winnipeg Free Press

Remarks by both Mr. Lapointe and Mr. Howe in deprecation of criticism of the Government's war effort show a certain irritation and a disposition to regard such criticism as at least semi-subversive and calculated rather to impede than to further this effort. This attitude, through ill-judged, is natural enough. Here are men who give to the prosecution of our war effort long, toilsome days and often sleepless nights; and from sources where they think they should get commendation and warm support they receive criticism.

Nevertheless this situation, unsatisfactory as it may be in some of its aspects, is far to be preferred to a situation in which the Government's performance would be given 100% support and laudation by a complacent citizenship. Some of the criticism is inspired by a detestable spirit of faction, and this is to be deplored; but in the main, even when it is misinformed and misdirected, the criticism comes from Canadians who have some realization of the desperate urgency of the situation and seek these means of spurring the Government on to still more effective measures of participation.

Spirit of British Criticism

The members of the Canadian Government ought not to consider that these conditions prevail only in Canada. In none of the British nations is the Government free from the proddings, urgings and criticisms of an alarmed and awakened public. This is true even of Great Britain, where there is a government headed by the greatest man of action that Anglo-Saxondom has produced in centuries and made up of men representing every shade of opinion in the country. Toward the end of last month the Churchill Government stood fire in a debate covering days, during which attacks upon its war policies were made, not unlike those which the Canadian Government is now receiving.

Mr. Churchill in the course of his reply to his critics made some observations in which the Canadian Government might find solace and wise advice. Mr. Churchill doubled the time allotted to the debate in order that there should be no restriction upon the opportunities for suggestion and censure; and made it clear that he did not resent criticism, if well-intentioned.

Churchill's Views

Our quotations from Mr. Churchill's speech are from the British Hansard:

"I have never taken the view that the debates and criticisms of this House are a drag and a burden. Far from it. I may not agree with all the criticism. I may be stunned by it, and I may resent it; I may even retort . . . but at any rate debates on these larger issues are of the very greatest value to the life-thrust of the nation, and they are of great assistance to His Majesty's Government. . . .

"I ask myself whether our affairs are in fact as badly managed at the present time as these speeches suggest. I am sure there are an awful lot of things which could be done better, and I do not at all resent criticism. . . .

"His Majesty's Government welcomes the stimulus that the House of Commons and the press and the public of this island give to us in driving forward our war effort, and in trying to gain an earlier inch or a more fruitful hour, wherever it may be possible; but I have no doubt that the House, in its overwhelming majority, nay almost unanimously, will wish also to give its tribute of encouragement as well as its dose of correction, and will lend the heave of its own loyal strength to the forward surges which have now begun. . . ."

DOMINION TAR & CHEMICAL COMPANY LIMITED

AND SUBSIDIARY COMPANIES

Annual Report for the Year Ended 31st December, 1940

CONSOLIDATED BALANCE SHEET

ASSETS

	As at 31st Dec., 1939	As at 31st Dec., 1940
CURRENT AND WORKING ASSETS:		
Cash	$ 524,105.46	$ 302,634.47
Accounts and bills receivable—less reserves	1,407,432.57	1,494,036.87
Inventory of finished products, raw materials and supplies, as determined from the companies' records, valued at or below cost and as certified to by officials of the companies	1,845,821.26	2,156,735.16
Unexpired insurance	17,754.61	19,204.82
Marketable securities	43,040.47	1,611.30
Book value of life insurance policies	55,800.00	55,800.00
	$3,893,954.37	$4,030,022.64
INVESTMENTS		
Secured loans and advances to employes	42,327.00	33,532.06
FIXED ASSETS		
Valued at cost, except in the case of the value of those subsidiary companies' properties which were appraised in 1927 by Ford, Bacon & Davis Inc. The properties of three subsidiaries were acquired by the parent company during the year at prices based upon appraisals by Canadian Appraisal Company Limited, in 1940.		
Land	836,810.30	1,106,918.43
Buildings, plant, machinery, equipment and mineral lease	8,391,166.50	9,094,523.95
	$9,227,976.80	$10,201,442.38
Less: Reserves for depreciation	3,929,000.81	3,787,751.97
	$5,298,975.99	$6,413,690.41
GOODWILL:		
Represented by the amount paid for shares of subsidiary companies in excess of the book value of the net tangible assets applicable thereto, less amounts written off	3,250,000.00	2,500,000.00
	$12,485,257.36	$12,977,245.13

LIABILITIES

		As at 31st Dec., 1939	As at 31st Dec., 1940
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities		$ 524,949.22	$ 742,721.89
Accrued interest on debentures		23,275.00	22,400.00
Provision for income and other taxes		316,090.23	773,501.66
Dividends declared on preference stocks—			
Alberta Wood Preserving Company Limited		3,843.00	3,816.75
Dominion Tar & Chemical Company Limited		69,231.25	69,231.25
		$ 937,388.70	$1,611,671.55
SECURED DEBENTURES:			
Total authorized issue	$7,500,000.00		
Serial debentures 3½% Series "A" due 15th November, 1941 to 1944		1,000,000.00	800,000.00
15 Year debentures 4½% Series "A" due 15th November, 1951		3,380,000.00	3,380,000.00
CAPITAL AND SURPLUS:			
Preference Stocks—			
Dominion Tar & Chemical Company Limited—5½% Cumulative preference stock Authorized—75,000 shares of $100.00 each	$7,500,000.00		
Issued and fully paid—50,350 shares (Redeemable upon sixty days' notice at 110% and accrued dividends).		5,035,000.00	5,035,000.00
aAlberta Wood Preserving Company Limited—7% Cumulative redeemable preference stock: Authorized and issued—3,455 shares of $100.00 each	$ 345,500.00		
Outstanding in the hands of the public (Redeemable upon sixty days' notice at 105% and accrued dividends.)		219,600.00	218,100.00
Industrial Minerals Limited—Authorized and issued—11,039 8% First preference non-cumulative shares of $10.00 each	$ 110,390.00		
122,892 4% Second preference non cumulative shares of $1.00 each	$ 122,892.00		
Outstanding in the hands of the public—			
4,053 First preference shares		51,580.00	40,530.00
41,103 Second preference shares		55,537.00	41,103.00
Common Stock—without nominal or par value—Authorized—450,000 shares Issued and fully paid—373,884 shares		711,253.00	711,253.00
Earned Surplus—as per attached statement		1,114,898.66	1,159,587.58
TOTAL CAPITAL AND SURPLUS		7,187,868.66	7,205,573.58
		$12,485,257.36	$12,977,245.13

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of Dominion Tar & Chemical Company Limited for the year ended 31st December, 1940, and the books and accounts of subsidiary companies, with the exception of three subsidiaries whose accounts, which have been examined and reported upon by other Chartered Accountants, are included in the above Consolidated Balance Sheet. We have obtained all the information and explanations which we have required.

We report that, in our opinion, the above Consolidated Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the combined companies' affairs, according to the best of our information and the explanations given to us and as shown by the books of the companies.

(Signed) McDONALD, CURRIE & CO., Chartered Accountants.

Montreal, 25th February, 1941.

APPROVED ON BEHALF OF THE BOARD:
H. S. HOLT, LIONEL O. P. WALSH } Directors.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the Shareholders:

Your directors submit herewith a consolidated statement, duly audited, of the affairs of your Company and its subsidiaries for the fiscal year ended the 31st of December, 1940.

The earnings before debenture interest, depreciation and income taxes at $1,902,774.30 compare with $1,482,549.06 in 1939, an increase of $420,225.24. Profitable operation of the Alberta salt works and earnings on a salt works in Ontario acquired early in the year, referred to later, represent part of the increase. A contribution to the year's earnings came from all departments as a result of direct and indirect supplies for the War effort. The provision for depreciation has been increased to take care of the new properties.

The net profit for the year, before income taxes, amounts to $1,301,438.65 and in the previous year was $824,942.39. After a provision for Dominion and Provincial income and excess profits taxes of $714,198.06 in 1940 and $295,347.93 in 1939, there was left a net of $587,240.59 compared with $529,594.46 a year ago.

The parent company purchased the assets of three subsidiaries on the basis of the appraised values of the fixed properties and the capital surplus arising therefrom has been written off Goodwill. A further appropriation from earned surplus for the same purpose reduces the Goodwill by the total amount of $750,000.00 to $2,500,000.00.

The $200,000.00 of Serial Debentures falling due in November were paid off, and $1,500.00 par value of the Preference Shares of Alberta Wood Preserving Company, Limited, and $25,484.00 par value of the Preference Shares of Industrial Minerals Limited were purchased. Expenditures on extensions and improvements to plants, together with the value of the new property acquired, amounted to $1,035,312.03.

During the year opportunity was taken to round out the Company's interest in the salt industry by the acquisition of the entire capital stock of The Dominion Salt Company, Limited.

The net result of the above transactions amounts to a reduction in the working capital of $538,214.36 to $2,416,351.09.

Under War conditions it is impossible to predict the course of your business with any degree of certainty, but barring unforeseen conditions your directors feel that the year's business will be satisfactory.

Your directors desire to record their appreciation of the continued loyalty and excellent work of the officers and staff.

On behalf of the board,

LIONEL O. P. WALSH, President.

Consolidated General Statement of Income and Expenditure For the Year ended 31st December, 1940

Net Operating Profit—before making the following deductions		$2,010,053.45
Legal expense	$ 4,391.33	
Salaries and fees paid to executive officers	98,118.57	
Fees paid to other directors	4,769.25	
		107,279.15
		$1,902,774.30
Interest on debentures	$ 185,325.00	
Provision for depreciation	416,010.65	
Provision for income taxes	714,198.06	
		1,315,533.71
Net Profit for the year		$ 587,240.59

Consolidated Statement of Earned Surplus For the Year Ended 31st December, 1940

Balance at Credit of profit and loss account as at 31st December, 1939		$1,114,898.66
Add:		
Net profit for the year	$ 587,240.59	
Net profit in sale of marketable securities and discount on preferred shares purchased	23,001.12	
		610,241.71
		$1,725,140.37
Deduct:		
Dividends on preference stocks		
Alberta Wood Preserving Company Limited	$ 15,319.50	
Dominion Tar & Chemical Company Limited	276,925.00	
		292,244.50
		$1,432,895.87
Deduct:		
Amount written off goodwill account	$ 750,000.00	
Less: Net capital profit arising from the appraisal of certain of the properties of the companies	476,691.71	
		273,308.29
Balance at Credit of profit and loss account as at 31st December, 1940		$1,159,587.58

War Workers "Made" in Plants That Need Them

Recruits Trained as They Work To Build Up Crack Labor Army

War workers of today are made, not hired.

They are needed in thousands to speed up and expand Canada's war supply effort. But there simply aren't any left who can be hired and put right to work; who have even the experience and training for the lesser jobs, much less the really skilled work.

So they are being made—created to a rising degree in the very factories where they are needed. Much of the skill and knowledge for war work is being fused into Canada's reserve manpower in the crucibles of the technical schools and Government training centres. But to an increasing extent industry itself is answering the question, "Where do you get your workers?", with the crisp reply: "We make 'em!"

Eager to Work

Joe Doakes, the average young Canadian of thousands across the country, is eager to do his bit in Canada's war effort. If he isn't in the armed forces or trying to get in, the best bet is he wants to get into a war plant and join the ranks on "the front line that runs through the factories."

No less eager to get him is John Q. Brown, the average employer. As war orders mount to sky-line levels, as factories are built or extended, as Canada takes on vast new projects in the battle of war supply, Mr. Brown needs workers in the worst way.

But he can't use Joe Doakes. Young Joe may be willing and eager, quick of eye and hand. But he has had no training, much less experience, in the specialized jobs of shaping, finishing, assembling. He has probably never even seen the various types of metal, wood, cloth, chemicals and other materials that go into the vast array of Canada's war supply output.

The really skilled and semi-skilled men of top flight rating, for the more intricate jobs in the war plants, were all snapped up long ago. They are almost impossible to find and by the time new craftsmen of this type could be trained the war would be over.

Need Trained Men

It is tough enough for an employer who finds he has a limited skeleton force of key men and skilled specialists, and can't get any more. But the situation today is much broader and more acute than that. The majority of plants find they can't even go out and hire qualified workers for the jobs of low and moderate skills.

In short, there simply aren't any trained reserves to be mobilized for the rank and file of Canada's industrial army. There are plenty of raw recruits pressing forward to fill in the gaps in the ranks, but they have to be trained before they can be put to work. A big and growing share of that job has been assumed by industry itself, and right within the factories new workers are being fed into production and turned into qualified labor as they work.

The net result is that in a large number of plants, young Joe Doakes quickly ceases to be an untrained or half-trained rookie in the labor army of Canada's industrial front. He becomes a competent worker using acquired skill with his hands and brains and with machines.

The demand is great from the rapidly expanding war supply programme of this country. Official estimates are that war industries directly engaged in producing materials for the Empire war effort will need close to 80,000 additional workers this year. Auxiliary and supply industries whose operations are linked with the war factories proper are estimated to need 100,000 more.

As far as numbers are concerned, there is no serious worry that this big labor army can be mobilized. It is expected that it can be drawn largely from Canada's loyal young people, those shortly out of school and college or those about to leave.

Canada's women and girls are ready to do the lighter jobs for which they are particularly well qualified. Older men can be "called up" to handle jobs for which they once were trained but have now grown skill-rusty, to turn from non-essential work to more urgently required operations.

Must Be Qualified

But raising the legions of workers to strength of numbers is not enough. Turning 150-200,000 new workers into our war factories and allied plants would be more than useless unless they are qualified for their jobs. The great majority must be trained, some for relatively simple labor and machine tending jobs, others for more specialized operations and trades.

You cannot train a highly skilled industrial craftsman of the top ratings in a few months or even a couple of years. But many of the potential war workers now in training, or shortly to start, must be given a considerable degree of skill and reliability by intensive instruction in a very short time. They need training just as much as do troops before they can be sent into active service.

The problem of how this is to be done is being answered to an increasing degree by industry itself. The employers most directly affected, the plants most urgently needing new workers, are themselves taking a growing share of the big task. And their contribution is beginning to loom large beside the major job being done by the technical schools, the expanded Government training plan.

Of the estimated 180,000 new workers needed by war factories and related plants this year, it is hoped to qualify up to 100,000 through the Government-assisted training plan. Of the latter total, it is expected to train about half in the shop training centres operated by the Dominion and several of the provinces; and in technical and vocational schools of provincial public school systems, with the aid of special courses, extra equipment, night shifts, and curtailment of regular work. To some extent, the task will be eased by the privately operated trade and technical schools available in many localities.

Plant Training

The other half of the main group to be trained—or another 50,000—are to be given training in industrial plant schools. These will be operated chiefly by the employers faced with the problem of rapid expansion in their labor forces.

Some foresighted companies have been operating such schools or some sort of training system during the past year, in many cases as an extension or speed-up of pre-war apprenticeship plans or parallel with such schemes. There are plants where 75 or 80% of the expanded production payroll are new workers trained within the factory.

But relatively few firms fall in this category—probably not more than 100 to 200 across the country—and it will be necessary to bring about substantial expansion of these facilities. Including plant schools, technical schools and Government training centres, the Government plan to qualify the main nucleus of 100,000 new workers calls for 15,000 training units.

There still remain, however, another 75-80,000 new workers likely to be required for war supply production. All of these will have to be trained or instructed to some degree, no matter how limited the amount of skill involved, and the main burden will fall on the plants concerned. It is anticipated that the bulk of these trainees will be recruited from secondary school graduates and others in the same age group who will become available in the spring and early summer.

Big Job for Industry

The import to employers of these various plans to expand Canada's war labor army is this: Industry itself will have to provide the facilities and shoulder the cost of primary training for 125-130,000 workers. In addition, employers will have to channel such trained or partly trained workers into actual production; and step up the best ones into more skilled and important work as operations expand and new "primary" workers are brought in.

The Government is ready to contribute training wages for trainees in the technical schools and shop training centres. It will also give some assistance where trainees have to live away from home to complete courses, and this may apply to some extent to those going through plant schools. But generally speaking, the cost and responsibility of the plant schools and factory training systems will have to be shouldered by the companies concerned.

The Government intends, however, to ensure that plant trainees get the stipulated scale of wages, ranging from 20 cents to 35 cents an hour for training periods of 30 to 90 days.

Special Problems

The problem facing the plants concerned has been made acute by the rising urgency of war supply needs. There has been a lag of training operations to date in relation to need, certainly when it came to building up any advance surplus of trained workers. Above all, there is the need for speed in setting up plant training systems; to bring along trainees to a point where they can at least be used on simple, low-skill jobs and given further shop training through the "upgrading" plan.

Recruits benefit most where an intensified, speed-training system is concentrated on making them competent workers for jobs requiring simple or moderate skills, or where a single, readily learned operation is involved. Qualified workers in the highly skilled and specialized trades, and for particularly delicate or intricate jobs, are either unavailable or extremely hard to find. But you can't train this type of worker in a few weeks or months through plant and school courses.

The usual four or five year apprenticeship for such trades as toolmakers, die sinkers, top-rating machinists and other key men, can be cut down and speeded up to some extent. But reliable authorities insist on at least two to two and a half years to give even the basic qualifications for such crafts to trainees. Full, genuine skill of top flight nature may take many more years than that. It takes a year or more to develop a machinist with a grasp of the fundamentals of his trade, but only qualifying as partly skilled.

Scope of System

But in a relatively short time, ranging from a few weeks to a few months, new recruits on the industrial front can become qualified workers with skills less difficult to acquire; or competent to handle specific operations in war production processes. It is for such men that the present basic training system in school and factory will prove of greatest value.

Most labor-army rookies have responded with speed and aptitude to the upgrading or secondary training plan, which has evolved rapidly in a number of war plants over the past year or so. This not only serves to work into actual production the men with primary training, but to improve their skills and feed them into positions requiring more advanced ability. It also develops key men and foremen. It develops on-job instructors for the new personnel being fed into the plant through the upgrading system as the scope of production expands.

Recruits have learned with particular quickness in these secondary stages of training, in plants where production heads have undertaken a careful, sharp-cut process of job analysis. This paves the way for concentrating workers of highest and special skills on the phases of operations where their ability and experience are absolutely essential.

The employer thus makes the most of such skilled men as he can get, and reduces the need for additional men of equal skill, who often may not be obtainable. The experts need not bother with operations that may broadly be parts of their job, but can be done as well by less skilled, partly trained workers.

Fitting Them In

Right down the line, men going through as both primary and secondary trainees can be used to best advantage—as helpers to the more skilled men, on specific operations not requiring advanced skills, and on simple jobs calling for only partial training. This embraces a wide variety of jobs as machine shop and lathe hands, sheet metal workers, "machine tending," simple assembly or fitting work, welding, many assembly line processes, and the primary operations at the start of production phases.

In most cases, the "watch Joe do it," trial-and-error method of training men in actual production work is put on the shelf or cut to a minimum. This leaves the higher ratings of workers free to do their jobs instead of telling new men how to work, and utilizes the new men on actual production jobs for which they are qualified. As new men become qualified on jobs to which they are assigned, the more promising of them are "upgraded" to more difficult work into which they can be fitted.

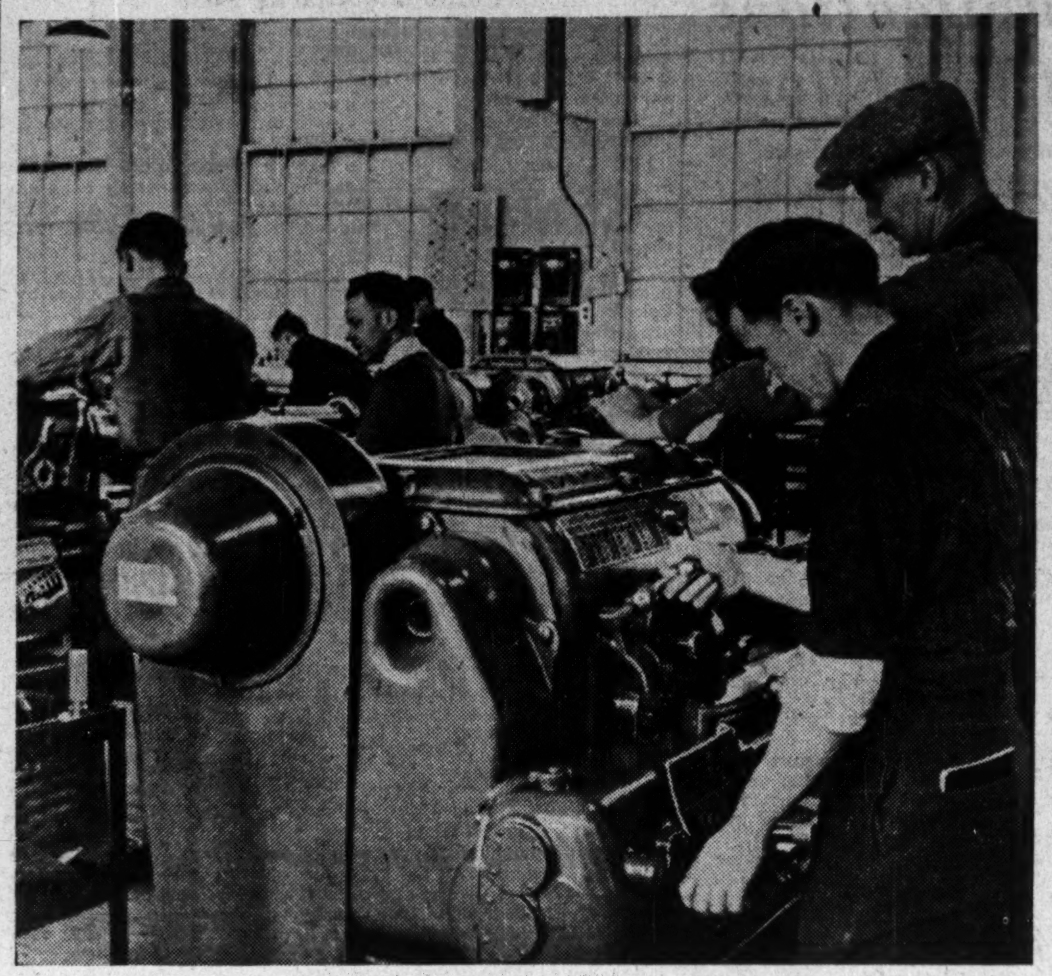
Full Facilities

Because of the physical limitations of the technical schools, etc., to carry the whole load of initial instruction, many factories are having to maintain primary as well as work-as-you-learn systems. In many cases, even graduates of technical school and training centre courses cannot be put directly into the plant, but must be given further "polishing up" in the factory's own "vestibule school."

In other cases, the plant cannot wait for technical school graduates. They must take men "off the street" or from regular schools, and train them from the ground up before starting them in on the job to move through the secondary or upgrading system.

Some of the plants are also paralleling the work of the Government training scheme in another respect—the re-training of older men with refresher courses for workers who have not worked at their trade for some time or have drifted into other occupations. The refresher courses can also be used for men drawn from other industries to work on special jobs in war factories.

This is the first of a series of reports on the effort of industry to train thousands of additional qualified workers it needs for war factories and allied plants. Articles in coming issues will outline the plans worked out by particular industrial groups, and the systems adopted by specific plants.



LEARNING BY DOING

By learning as they work, unskilled Canadian workers are filling the need for qualified labor in Canada's war supply plants and allied industries. With a large proportion having a foundation of technical school courses, they are being given the requisite training for particular jobs right in the factories where they are needed — as machine operators, in various trades, and for special types of work. Illustrating the use of production trainees in various Canadian plants, is above photo of operators in the plant school production unit of the Otis-Fensom Elevator Co., Hamilton.

War Savings

Half a Million to Go

From the returns to the end of February, it seems almost certain that at least $10 millions a month will result from the war savings drive. At the end of the month cash receipts totalled $9.4 millions, against an indicated rate of $7.5 millions in the first half of the month. With a week or two left for the drive in a number of centres that were slow off the mark, and with receipts from a great many February pledgers not coming in until March, the probability that the original goal will be exceeded seems bright.

Whether the number of pledgers will also exceed the 2 million objective seems less certain. At the end of the month, returns from centres representing 47% of the objective showed that these centres had reached 80% of the number of pledgers desired. If this ratio applies to the unreported centres, chances of reaching 100% seem bright, but it is not yet possible to make such an assumption.

• • •

Mopping Up

With the beginning of March, the first stage of the war savings campaign comes to an end in most of Canada. In some sections it will continue to March 8, and in a few to March 15. The second stage of the plan will now gradually take over. That stage will be one of consolidation for the gains recorded in February and of quiet extension of the war savings plan into sections that were missed in the big push. After the mopping-up period, committee work will be devoted to keeping the pledgers mindful of their pledge, and in gaining an increase in the amounts pledged. War savings societies to collect local subscriptions which are not made through employers or banks may be formed, as in the United Kingdom. In Great Britain, almost every city block and hamlet has its society, which fills a gap impossible to larger organizations.

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High-powered Thrift

While Ford plants turn out the 85-horsepower V-8 engines for the universal gun carriers that helped chase Italians out of Egypt, Ford employees are rolling up an impressive contribution to the war savings fund. Ford of Canada has 11,608 employees and of these 11,498 have subscribed a total of $93,191 per month, an average of $8.11 per employee. Over 99½% of the Ford employees are regular subscribers, and many of the balance of 110 who do not yet subscribe are accounted for by being absent through illness.

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Pins and Needles

In Montreal, the International Ladies' Garment Workers Union and the Manufacturers' Council of the Ladies' Cloak and Suit Industry have agreed on a novel plan for increasing production and helping the war savings campaign. Each Saturday, probably until Easter at least, members of the union will work four hours overtime. For this they will be paid at regular rates, but will receive war savings certificates instead of cash. The employers have undertaken to add two hours pay, making a total of six hours pay for four hours work, all in war savings certificates. There are about 2,300 members of the union in Montreal, and about 100 members of the Manufacturers' Council.

Canadian Newspapers Uphold Right

(Continued from page 11)

be made in this country or that the manufacture of such guns should be stopped. The protest was against profiteering.

If the free right of criticism is forfeited in Canada, criticism to help and spur the Government, then we are setting up a system against which the whole Empire is fighting. Complacency in this war can be the deadliest foe. It is particularly so when it grips officialdom.

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Tirade In Parliament Accomplishes Nothing

The Evening Telegram, Toronto

If Mr. Howe's charge has no better foundation than his further charge that The Financial Post attempted to stop Bren gun manufacture before the war, it does not amount to much. Horace T. Hunter, president of the company which publishes The Financial Post, asserts that the statements complained of were based on a thorough study of all available facts. They were published to inform the public and arouse national sentiment for a "total effort." They were published as advertisements in other newspapers to secure a wider audience in the belief that an informed public opinion is the strongest assurance that any weakness in our war effort will be quickly corrected.

Mr. Howe's suspicion that The Financial Post is not actuated by philanthropy is beside the point. The expression of that suspicion does nothing to disprove that the paper is quite as devoted to the national interest as Mr. Howe himself. The only pertinent question is whether The Post's statements are true or false. If they are false Mr. Howe has a remedy much more effective than a tirade in Parliament. If they are true, a tirade in Parliament is no remedy at all.

• • •

Mr. Howe and His Critics

Brantford Expositor

The Minister's accusation that a leading Canadian financial paper and principal critic of his Department has been "the No. 1 saboteur in Canada since the beginning of the war" is on the extravagant side. The paper in question can defend itself competently and doubtless will, but it is unfortunate that the Minister should have employed so immoderate a term in making his reply.

Mr. Howe and every other member of the Cabinet and of Parliament know, or should know, that but for vigorous press criticism (far more pungent than anything to which the Department of Munitions and Supply has been subjected) we might have lost the last war. Such criticism, as Right Hon. David Lloyd George freely admitted, smashed half a dozen major "bottlenecks" in Britain in the 1914-18 period. Had they not been broken, Britain might have been.

The Minister has offered what appeared to be good reasons for the delays in aircraft and tank deliveries. His assurances as to future production are most welcome. But to the degree that criticism has functioned as a goad to war effort it should be given credit, not blame. The constant vigilance of an alert press is still one of the best assurances of efficiency and effectiveness in furthering the cause of victory.

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Mr. Howe's Defense

The Winnipeg Tribune

Much of the criticism which he (Mr. Howe) now so bitterly resents might have been disarmed if he had reported progress more frequently and more frankly in the past.

Similarly it would be good business to keep the people of Canada informed about Canada's industrial war effort. Mr. Howe reports that in seven out of ten major divisions of war supply the results have been gratifying and in some cases far ahead of expectation. Taken as a whole, the war effort is most creditable. But no pains have been taken to keep the public informed, and where failures and defects have become known there have been misgivings that similar shortcomings might be running through large areas of the war effort. And so they might, for all the public could know to the contrary.

Naturally criticism has developed and groundless rumors have spread. To Mr. Howe, that is "sabotage," but it could have been avoided with a little care and consideration for the people who are paying the shot.

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Saboteur of What?

The Windsor Daily Star

(R. M. Harrison's daily column)

Hon. C. D. Howe, in the course of an apologia pro vita sua in the House of Commons yesterday, branded The Financial Post "the No. 1 saboteur in Canada since the beginning of the war." We agree with the Minister of Munitions and Supply that The Financial Post is a saboteur. It's a saboteur, however, not of Canada's war effort, but of Canada's lack of war effort. There's quite a difference.

Consistently since the outbreak of hostilities—or, at any rate, since it became apparent to all but the partisanly purblind that the Mackenzie King Government proposed to conduct Canada's share of the conflict on a limited liability basis—The Financial Post has clamored for more speed, more efficiency, greater production, closer co-operation with Britain and the Empire—everything the vast majority of loyal Canadians expect of their Government. The Financial Post may have employed terms that rubbed the wrong way, but this is an emergency which requires plain speaking.

M.P.'s Emphasize Value of Criticism

T. C. DOUGLAS, M.P.
In the House of Commons,
Feb. 28, 1941

When I listened to the Minister's speech the other day my mind went back to some of the debates which took place two years ago in the British House of Commons. I recalled some of the speeches made by Sir Kingsley Wood, who was then in charge of aircraft production, by Mr. Churchill, by Mr. Amery, by Sir Roger Keys and by Mr. Greenwood. Some of the statements made the other day by the Minister were reminiscent of statements made on those occasions. People who questioned, people who queried, people who criticized two years ago in England were being accused of undermining public confidence.

I submit to the minister that abuse does not dispel criticism. Accusing one member of "groping in the sewer," another member of "getting his information by devious methods," and calling, "sabotage, sabotage!" will not answer the things hon. members want to know.

Most hon. members will recall the shell shortage of 1915 in Great Britain. They will remember that Mr. Lloyd George and Lord Northcliffe, who began the campaign to reveal that shell shortage, were maligned from one end of Great Britain to the other. But we know now that they were right, that there was in fact a shell shortage and that thousands of British soldiers lost their lives because of the lack of ammunition in the last war. The fact that a member, newspaper or some other organization seeks to ascertain the facts or to criticize the Government is not an indication that they are lacking in patriotism. It is an indication that they are seeking to serve their country in the best way they can . . .

To the Minister of Munitions and Supply all I want to say is that the saboteurs in this country are not the people who are enquiring for facts and data of aircraft production. The saboteurs here, as in any other country, are the people who are saying that all is well when all is not well. The real saboteurs are the people who try to lull the country into a false sense of security. All I am asking the Minister and the Government to do is to set their house in order before it is too late.

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J. G. DIEFENBAKER, M.P.
In the House of Commons,
Feb. 28, 1941

Our position is similar to that adopted in Great Britain in 1915 and 1916. The other day the Minister spoke in critical terms of The Financial Post and referred to that paper as a saboteur. Twenty-five years ago I heard from the gallery of the British House of Commons the same criticism levelled against The London Times. At that time it was taking an attitude similar to that taken by the financial and other papers of Canada today. Our newspapers are asking for action instead of promises and excuses. As the hon. member for Weyburn (Mr. Douglas) stated a little while ago, Lord Northcliffe was maligned, condemned and pointed out as a traitor because he condemned what he believed was wrong, because he insisted upon action.

THE
TRUSTS and GUARANTEE
COMPANY LIMITED

Summary of
44TH ANNUAL REPORT
31ST DECEMBER, 1940

SHAREHOLDERS' CAPITAL AND SURPLUS invested in:

Office Premises and Furniture	$ 86,724.65
Mortgages, Agreements For Sale	401,488.63
Bonds, Stocks, Debentures	300,676.22
Loans on Stocks, Bonds, etc.	93,198.90
Real Estate Held For Sale	357,012.10
Advances to Estates	80,355.29
Other Assets	112,021.89
Cash	168,434.00

SAVINGS AND TERM DEPOSITS invested in the following ear-marked securities:

Mortgages, Agreements For Sale	$ 6,517,529.39
Bonds and Debentures	2,306,223.41
Loans on Bonds	60,198.56
Cash	517,083.46

ASSETS OF ESTATES, TRUSTS AND AGENCIES under administration by the Company - - - $41,943,144.56

TOTAL ASSETS UNDER ADMINISTRATION - - $52,944,091.06

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Copy of Annual Report Supplied on Request

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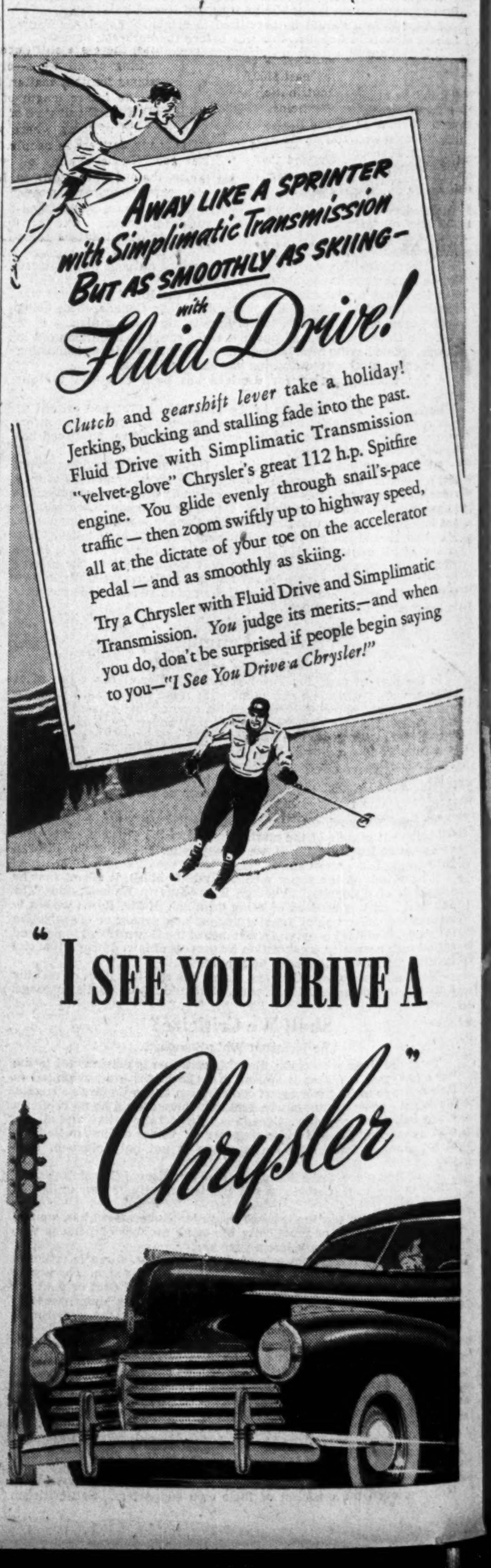

Second Prize Mining Portfolio (page 23)

THE FINANCIAL POST

Largest Circulation of All Canadian Financial Papers

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Canada's Oil Fields All Out For War

By GORDON M. GRANT
Staff Writer, The Financial Post

Canada's vital war need for more American dollars has resulted in western Canada's greatest oil boom. It is a boom featured by feverish expansion of production facilities rather than soaring stock prices. Its object is two-fold. First to divert precious foreign exchange from the purchase of foreign crude oil to key war equipment not available in Canada. Second to produce on the ground high grade and expensive aviation fuel for the Empire's mammoth Air Training Scheme centred in Canada.

All through the western oil fields, actual and potential, the search for more crude is being pressed. There is a tremenduous amount of drilling going on. The old established Turner Valley field has been extended northward. An important new strike has been made at Princess-Steveville to the east.

Turner The Backbone

Designed to "encourage oil development," new legislation amending the Gas and Oil Wells Act is expected to be introduced this week at the current session of the Alberta Legislature. Drawn up by Lands and Mines Minister N. E. Turner, the legislation has been gone over by Conservation Board Chairman Robert E. Allen and representatives of the Alberta Petroleum Association. Its passage is regarded as certain.

While no details of the measure have yet been made public, authoritive sources advise that the Aberhart Government is prepared to stimulate oilfield development by foregoing a substantial part of its rental returns from reservations and leases, on the understanding that the sum which would ordinarily accrue to the Crown is expended on development. This important extension of the present system of granting "drilling credits" in payment of lease rentals would, it is estimated, cost the province at least $100,000 annually—a substantial contribution towards development of new fields.

As still further encouragement to "wildcatting," or exploratory drilling in unproved areas, it is understood that the Government is prepared to remit its gross royalty on "discovery wells" located on Crown lands.

Besides this, it is reported, will be introduction of a sliding scale of government royalties on all future wells on Crown leases. The exact detail of this is not yet known, but it is expected the plan will involve a scaling downward of the Crown royalty on smaller producers, thereby permitting a greater return to the backers of such ventures, and a boosting of the maximum Crown royalty to bring it in line with that reserved by the owners of large blocks of freehold lands.

The royalty now reserved by such freehold owners as the C. & E. Corporation and the Canadian Pacific Railway ranges from 12½ to 15%, while the present maximum gross royalty reserved by the Crown is only 10%.

While Turner Valley is enjoying its greatest drilling programme in history, recently the Alberta oil spotlight has turned to the Princess-Steveville area where wells can be drilled for as little as $35,000. Success could be the biggest stimulation to oil exploration in over a decade.

Although outstanding success may be obtained at Princess-Steveville or other Alberta areas, this year, Turner Valley remains the backbone of Alberta's oil industry. Turner has the reserves of proved ground; the pipeline facilities for getting the oil to the refineries. From the investors' angle a large part of the speculation has been taken out of drilling oil wells in Turner Valley, with not one "dry hole" put down last year.

Regular Investment

For many people, oil wells in Turner Valley have become a regular mode of investing funds. Not only has it been possible to secure a good income on capital put into wells but royalties in many cases have been returning profits investors often sought in vain through purchase of shares.

Of course, there are still uncertainties in the drilling of oil wells—or in any other business for that matter. Gauging accurately the future length of life for an oil well is a difficult type of business. It is the kind of thing where you may get as many answers as people. The fact that good Turner Valley oil wells can return their drilling costs in less than two years and in some cases in less than one year, however, is a fact that cannot be disputed.

Not long ago development of Turner Valley and Alberta oil resources was lagging—not because there were not proved reserves in the ground as some people would have suggested—but because a market did not exist for oil being produced. That period seems definitely past—at least for the time being. Temporary shortages of storage capacity may mean certain short-term restrictions on output but the fixed purpose of the Dominion Government is to produce and use all the oil that can be economically brought to the surface in this country. The Dominion oil controller has been co-operating with refiners to see that output of wells is taken on a year-round basis in this regard. There has been no seasonable winter drop in Turner Valley output in 1940-41 as was the case in previous years.

Oil Means U.S. Dollars

The increasing value of United States exchange, of course, is the big reason why Canada wants to produce all oil possible at home. For the duration of the war, the need for conservation of American dollars for war purposes will go on. Many people think that the stress on conservation of American foreign exchange resources may go on much longer than the end of the war. Suspension of hostilities is not going to solve Canada's financial problems overnight. Close regulation of exchange may continue necessary to service debts in New York.

Supposing American dollars continue of strategic importance after the war—as appears not only possible but perhaps likely—all-out domestic production of crude oil will likely make an important contribution to solution of post-war problems. Home-produced crude would have the same importance as it has now in balancing accounts with our big neighbor to the south.

If this line of reasoning proves correct, possible overproduction of oil appears removed into the distant future, giving this country's oil industry a remarkable opportunity for further development. Perhaps when "normal times" return, Canada will have developed sufficient wells and areas to claim a great producing industry comparable to our present great refining industry.

While not generally appreciated, the Canadian oil producing industry has escaped some of the hazards that war has brought to other industries. Financing with oil royalties, it is possible to escape both the excess profits tax and the increased corporation tax levy. If anything were necessary to popularize Alberta oil royalties, this should provide it. Threats of even heavier corporate taxation are holding back activity in many lines of business—but not the drilling of oil wells when the money is provided by sale of oil royalties.

Taxation Factor

With the expressed wish for even greater oil production than at present, it appears likely that this not unfavorable tax situation will continue. Taxation of corporate enterprises will be reviewed, the oil controller suggests, and more lenient treatment may be in the offing for limited companies.

Just now the world has an abundance of oil, but it is an abundance that is threatened with disaster. Canada may be called on to help fill a gap on the oil front either during or after the war.

Oil fields in Roumania may be targets for British bombers by the time this is published. British-controlled oil fields in the middle east may be targets for enemy air fleets based in Bulgaria. If the Russian Sphinx comes in on the allied side, her oil fields become vulnerable to German bombing, if she joins the Axis then we will try and bomb them.

In the Far East, the Netherlands East Indies—prolific oil soure—is the prize for which Japan may risk war with Britain and the United States. Unofficial reports state that these fields have been mined ready for instant destruction.

From all this, it is obvious that oil supplies in practically all the important oil producing areas outside the western hemisphere, face serious war risk. If put out of commission years might elapse before new holes could be put down. Burning of escaping oil and gas might mean complete ruin of some fields.

If total war brings the destruction to the old world's oil resources, the new world might find itself filling in to prevent an oil shortage. The United States, of course, could supply a tremendous amount of oil; South America could also raise its production rate with ease. But even Canada might help fill in a gap in supplies given a higher price for oil.

Storage and Refining Expand

Besides the increased activity in the producing end, Canada's oil industry has taken many other steps to secure an all-out effort on the oil front. Extra storage facilities have not only been provided to allow steady production from the Turner Valley field but storage has been increased at various key points across Canada. The British Navy as well as the Canadian Navy is being supplied with bunker fuel when required.

Imperial Oil, British American Oil and other smaller refiners have been active in expanding production of various oil products in Canada, reducing requirements of imported products. One of the chief advances has been made in airplane fuel. Canada produces practically all of the expensive gasoline needed for airplanes now. As the air training plan progresses, production of our own aviation gasoline will become a more and more important factor.

Develop Lubricating Oil

Besides producing airplane gasoline in this country, Canadian petroleum engineers have developed a special lubricant for airplanes. Steps have also been taken which may make Canada independent of imports of all lubricants. At the outbreak of war it was necessary to import between 40 and 50% of all lubricants required in this country.

During 1940 both Imperial Oil and B.A. Oil installed aviation equipment in their Calgary refineries. Production of aviation fuel from Turner Valley crude was launched not many months ago. Last year Imperial Oil alone sold twice as much aviation fuel as in the previous year. Facilities now available at the B.A. Oil Calgary plant are stated to allow for a considerable expansion in production when demand requires it.

All Types of Plane Gas

All the types of plane gasoline are now being prepared in Canada. Even the highest rating 100 octane fuel is available by blending the regular aviation stock with an imported high octane blending agent—a synthetic. Most widely used in Canada is the 87 octane aviation fuel. The 100 octane fuel is used in the smallest quantities of any fuel in Canada. Even with great expansion of the air training plan, no shortage of plane fuel appears likely now.

While war is placing an emphasis on further supplies of crude oil, it is understood that research work is being carried on into possibilities of tar sands in Canada's far north. These sands are known to contain almost unbelievable quantities of crude oil. All that is needed is some commercial process for extracting the oil. Since the sands are located at surface, there would be no question of drilling expensive wells to secure recovery. These sands represent a tremendous potential asset.

Added— A New Pool

"The discovery of the Princess-Steveville oilfield comes at a peculiarly opportune time for Alberta and Canada. The location of the field, the quality of the oil and the speed and economy of drilling all combine to make the new field an important addition to the wartime economy of the province and the Dominion."

This statement of R. E. Allen, chairman of the Petroleum and Natural Gas Conservation Board of Alberta, succinctly sums up the importance of the bringing into production on Dec. 30 of Standard Oil of British Columbia's Princess No. 2 well in the Princess-Steveville area.

While limits of the new field are not yet known, indications seem to point to major production possibilities from this area located 125 miles east of Calgary, with ready access to transportation on the Canadian Pacific Railway.

Princess-Steveville, the land of barren sandstone ridges and arid wastes, may become the source of great wealth. If hopes materialize, the area may be the answer to the long and expensive search for a big oilfield to supplement substantial Turner Valley.

Two Field Industry?

A two oilfield industry—now a distinct possibility—would have a much firmer basis than the present one field industry. Facilities for marketing and refining could be built with more confidence, with possibility of a national pipe line more definite. Revenue to continue the oilfield search into other sections of Alberta would be stepped up and the industry's outlook improved.

Princess-Steveville may or may not be the answer to the problem but it is certainly the most encouraging development ever to take place outside Turner Valley. After its second acidization the Princess discovery well flowed at a rate of no less than 520 bbls. daily with gravity running 26.3 degrees. Gas flow was 12.75 million cubic feet per day. Deep wells would ordinarily be justified to secure production like this but the Princess well was completed at not quite 3,300 ft. depth, less than half the depth from which production is obtained in Turner Valley.

Four for the Price of One

To operators who have been used to spending $150,000 to $175,000 for drilling wells in Turner Valley, the cost of drilling wells in the new field may be hard to realize. Four wells can be drilled for the price of one in Turner and each well can be completed in about a month's time if good drilling progress is made.

Perhaps a score of companies are now planning to drill wells in the Princess-Steveville area. Further companies are taking acreage daily. The next development news is expected to come from Standard Oil of B. C., which will complete its Princess No. 3 well at a point a quarter mile northwest of the Princess No. 2 well, around the middle of the month. Successful completion of this well will represent the first step in building up potential reserves of crude oil from further development, it is expected.

Standard Speeds Up Drilling

Standard Oil of B. C. is apparently extremely impressed by its new oil "strike." According to reports the company plans to keep two rotary rigs busy now gradually fanning out new wells from the original producing well so a large area may be "proved up." Location for the Princess No. 4 well has been chosen just over a quarter mile southwest of the discovery producer and half a mile due south of the Princess No. 3.

Steveville Oil Co.—which took over the Princess-Steveville holdings of Anglo Canadian Oil Co. and Petroleums Investments—is undertaking development of holdings adjoining east of the Standard Oil ground. Altogether 60,000 acres are held by the new company, part of which is semi-proved. Drilling of the Anglo-Steveville No. 3 well will get under way shortly, using a Diesel-powered rotary rig. The new well is located three quarters of a mile east and north of the Princess No. 2 discovery well. If the well turns out to be a producer, it will prove up reserves for the area in a hurry. Two wells drilled previously in another sector encountered a big gas flow but crude oil production was prevented by a water intrusion. With the Princess No. 2 well a success, however, drilling has a much greater prospect of success than the previous work.

Many Groups Take Acreage

Although Standard Oil of B. C. and Steveville Oil Co. hold a large part of the "close in" ground, many other groups have good acreage to west and are undertaking surveys as a preliminary to drilling wells before the summer is out. Location has been selected for an Anaconda Patricia well five miles northwest of the Princess No. 2 producer. The well is being jointly financed by Anaconda Oils and Patricia Syndicate. Contract for the drilling has been let.

As owner of the petroleum and natural gas rights on considerable acreage south of the Red Deer River and west of the Princess No. 2 well, the Canadian Pacific Railway has the granting of acreages for development in this sector. Applications have already been approved on several large blocks of ground, allowing plans by several oil companies, syndicates and individuals, for development in the vicinity of Alberta's latest discovery well.

C. P. R. Regulations

Reservations on C. P. R. ground require that a certain portion of the acreage shall be leased within 90 days with drilling to be started within the next 90 days. On this basis, by Aug. 15, numerous wells will be under way, locations for which have not yet been chosen.

Probably more than 20 companies or individuals have made reservations with the C. P. R. Many of the large Turner Valley groups can be recognized in the acreage reservations. The Mount Royal-Tide Lake Syndicate and Royal Canadian Oil Co. have secured close in ground to the west. Beyond them again are F. P. Byrne ground, Phillips Petroleums, Brown-Moyer-Brown acreage and the reservation of Union Drilling Co. National Petroleums and Vulcan Oils have also secured reservations on 23,390 acres. The National and Vulcan acreage lies to the north of the ground held by the other groups—which is closest to the Princess discovery well—and in the same area the Scott, McLeod and Bell Syndicate, and Riley, Lloyd, et al, have acreage.

Dawson-Steveville Plans

Largely interested in Princess acreage is Dawson-Steveville Syndicate which is planning development. The new Steveville Oil Co. well is on acreage subleased from the Dawson-Steveville Syndicate.

As the field is in just the first preliminary stages of development, blocks of ground reserve are usually very large. Wells will likely be drilled over a large area. It is within the realm of possibility that a great stretch will be proved up within a period of six months. Of course, a few "dusters" could prove that the field is quite limited in extent, but the general feeling is that a well the size of the Princess No. 2 well would not be brought in unless there was a considerable oil pool in its locality.

Marketing Worked Out

Certainly Standard Oil of B. C. is taking development of its Princess holdings seriously. A pipe line a mile and a quarter long has been completed from the Princess No. 2 well to connect up with a 5,000-barrel storage tank erected at the northern end of a spur line now being constructed from the Princess Siding on the C. P. R. The Princess No. 2 well was closed in after its completion but further tests of its possibilities are now under way.

The fact that large, strong finan-

(Continued on page 16)

—Photo Frank E. McKay, Okotoks, Alta.

High Grade Turner Valley crude from new wells such as that pictured above is taking an important place in turning out aviation gasoline for Canada's big air training plan.

Turner Boils Again

Canada's No. 1 oilfield, 26-year-old Turner Valley, is the scene of more action today than ever before in its long history. More rigs are in operation now than at any time in the past. More wells will be completed this year than in any previous year, and far more oil will be produced than ever before.

The Alberta Foothills field, known for its "pure light oil" in the shallow well days of 1914, made famous as a great "wet gas" or naphtha field by the wild booms of 1926 and 1929, and even more famous as a major crude oil field by the Turner Valley Royalties discovery of 1936, has witnessed a steady expansion in development the past few months. The scene today is 1926 and 1929 rolled into one, but lacking is a big part of that element of wild speculation that was so much a part of those ill-fated booms.

Twenty-nine Rigs Working

The problem of marketing—bugbear of the oil industry since Turner Valley production started soaring in 1936, and No. 1 reason for a gradual lagging in publicly-financed development—suddenly vanished in mid-1940. Canada had suddenly realized that for the duration of the war at least every available barrel of domestic oil produced was so much foreign exchange saved. Disappearance of the marketing problem was the go-ahead signal to owners of millions of good Canadian and American dollars looking for a profitable place to invest.

Today there are 29 rotary rigs working in Turner Valley, with already nearly enough new locations staked to keep all of them in operation the rest of this year.

A few comparative figures tell the tale. On Sept. 1 last year only 17 wells were actually drilling. By Oct. 1, 21 wells were drilling, and by the end of December the figure stood at 23. By Feb. 1, 25 wells were making footage, and by today an additional four rigs have commenced operation.

When war brought an unprecedented demand for more Canadian aid to save American dollars, the problem of proration to immediate market demands had to be ended. Production had to be stabilized and maintained at the maximum efficient rate, whatever that rate might be. There had to be an end to the market-geared production of past years, ranging from too low and investor-disheartening levels during the slack winter months to dangerously high and inefficient levels during the seasons of peak demand.

The proration-to-market problem was one of the first tasks given for solution to wartime Oil Controller G. R. Cottrelle, classed by Alberta oilmen as a "wise government appointee." Cottrelle solved the problem with a winter storage programme, worked out in co-operation with prairie refiners, by which heavy stocks of crude oil and refined products are built up during the winter months to help meet spring, summer and fall demands.

The result has been that Turner-Valley production this winter has never dropped below 22,000 bbls. per day—in sharp contrast to the 10,000 bbls. per day allowables that prevailed during previous winters.

Today the field is running between 24,000 and 25,000 bbls. per day, with a wave of well completions later in the spring expected to boost yield substantially above the present level.

Altogether four new wells will be finished in March. The large number of wells to be completed in April, May and June, is expected to bring a substantial increase in potential during the later spring months, the first jump in output coming in April.

During the first six months of this year Turner Valley oilwells alone will yield close to 4.5 million bbls. of 30% more than for the same period a year ago.

What production for the full year will be is dependent upon how much the field's capacity to produce can be increased by the greater rate of completions. It is certain, however, that production will be far in excess of the 1940 yield of 8,097,414 bbls., and that cash revenue from Valley wells will greatly exceed the 1940 returns of $9,830,099.

Last year brought the virtual drilling out of the southwest flank of the Turner Valley structure, scene of heavy operations between 1936 and early 1940.

More than offsetting this, however, was the completion of the Arrow Royalties No. 1 and Royalite No. 48 wells as big producers on the central west flank in April and June, 1940, thus dispelling the formerly current belief that this part of the structure might prove relatively unproductive. The result was a heavy and successful drilling programme that is pushing steadily northwest along the nine-mile stretch formerly separating the producing north and southwest flanks of the field.

Late last October the Alberta Oil Incomes No. 2 well, a wildcat well drilled three quarters of a mile northwest of the far north producer Home Millarville No. 2, was completed as a big producer. Under current quotas, in fact, this well rates as the largest producer in the field.

The heavy pressure in this undrained area, and the prospect of a long life and large ultimate recovery, immediately swung attention to the northwest extension of the field. Today Alberta Oil Incomes No. 2 is the centre of a group of new drill-tests, and drilling activity has pushed a full two miles northwest of this discovery producer.

If the pioneering to the northwest is as successful in 1941 as proved the case in 1940, a large part of the drilling will likely be concentrated in the north section of the field the next few years. Wells have been exceptionally large with good gas pressure as work has proceeded in this direction and results of work now under way are bound to have an important bearing on the course of future development.

Oil Near Surface

Results obtained recently at Major Oil Investments No. 1 north end well suggest that production may be obtained at a comparatively shallow depth, apparently confirming a theory advanced by geologist Dr. J. O. G. Sanderson that the limestone may be encountered at only 6,100 to 6,300 ft. depth. If this proves the case, a revision of presently common opinions of north end possibilities will be forced, and a substantial new area will be opened for development.

On the central west flank there are still probably at least 120 undrilled locations that can be classed as proved or semi-proved. In the northwest extension there are a further unestimated number of undrilled well-sites, their exact number an unknown quantity until the northern limits of the productive area are determined by the drill.

In any cases it can be safely said that even with the increased drilling rate, Turner Valley will not be drilled out for several years to come to say the least.

With the big demand for an even further speed-up in the drilling programme, several drill rigs have been brought in from the United States recently. More will likely follow.

Oil Dividends Down in 1940 But Future Bright

Home Oil Likely To Begin Payments Before Long

Dividends paid out by oil companies in western Canada last year showed a decline to $1.8 million from approximately $2.2 millions in 1939. The drop, however, does not indicate that western oil business has been less profitable but is concrete evidence of a new trend.

During the last two years financing of new wells on proved structure at least has been almost entirely by royalties. Consequently practically no new companies have been formed to join producers of previous years. As many of the dividend-paying companies have been of the royalty type, a gradual decline in their dividend distributions has been expected and comes as no surprise. Many of these companies were formed on a single lease and regulations prevent them putting down any further wells or acquiring further acreage for development.

Less Dividends—More Wells

While this has been the prime reason for the decline in dividend distributions, there have been other important considerations holding down the total received by shareholders. Certain companies, such as Federated Petroleums, have temporarily discontinued dividends in order to proceed with further drilling at a time that is considered particularly opportune.

Home Oil Co. could give consideration to dividends with its liquid position and growing number of producing wells but officials believe that it is in shareholders' interests to plow back profits into the drilling of further big wells.

Home Nears Dividends

While Home hasn't actually started dividends, the company is working into a position where dividends may not be so far removed even with a continuation of the present development programme. Income from wells is now carrying most if not all of the new drilling costs and when a few more wells are completed there will be a margin for dividends, it is believed. The company has now six excellent wells on its leases, and work has been started on drilling three more wells. With income already running perhaps a million dollars a year, the company has good prospects of making substantial contributions to oil dividends.

In spite of the large amount of work financed, Home has only 1,760,000 shares issued out of an authorized capital of 3 million shares. President of the company is R. H. B. Ker, with Victor Odlum vice-president.

Royalite Is Biggest

Largest operating oil company in the Turner Valley area, of course, is Royalite Oil Co., subsidiary of Imperial Oil. Importance of Royalite's operations can be appreciated when it is stated that the company distributes between a third and a half of all dividends paid out by western Canada oil companies. Royalite makes allowance for depletion, unlike some of the small royalty type companies, so that its dividends represent net profits whereas other companies' dividends are often partly return of capital. Dividends are paid by Royalite at the rate of $1 per share per annum.

Altogether the company has now drilled over 50 wells, a record which is approached by no other company in the field. Development of ground held by Calgary & Edmonton Corp. has been carried on by Royalite as well as the drilling of the company's own acreage.

Besides its producing activities, Royalite owns a pipe line carrying oil from Turner Valley to the Imperial refinery in Calgary. The pipe line is a public carrier, taking both Royalite oil and that of other companies.

The total of $717,486 paid out in dividends by the company in 1940 was the same amount as paid in 1939.

Anglo-Canadian Important

After Royalite Oil Co., Anglo-Canadian Oil Co. is responsible directly or indirectly for the greatest amount of Turner Valley dividend distributions. Associates of Anglo paid out a total of $350,500 in 1940. These dividends were paid by producing oil companies. However, producing wells—held directly and through associated companies—form only a small part of the company's activities.

Through a subsidiary, Drilling Contractors, an extensive contract business in diamond drilling is carried on in Turner Valley. Operations of Drilling Contractors are understood to have been really profitable with the extensive amount of drilling being carried on in Alberta at the present time. On Jan. 15 the company retired $222,000 of bonds two years before due date.

Through a subsidiary, Anglo-Canadian Oils, the company controls a refinery at Brandon, Manitoba, whose capacity was stepped up in 1939 following acquisition by the Anglo-Canadian interests.

Earnings of Anglo-Canadian Oil Co. have been substantial, amounting to 12.3 cents a share in the year ended Jan. 31, 1940—the latest reported—compared with 13.6 cents a share the previous year. As the company has been engaged in broadening out its activities profits have been ploughed back into new enterprises.

Anglo-Canadian holds a substantial interest in Steveville Oil Co., holding a large acreage on the Steveville structure. Development is being undertaken and Anglo-Canadian's Steveville shares may prove an asset of great value.

Coronation Royalties in the Anglo-Canadian group holds a single well which allowed the company to pay out 8½ cents a share or a total of $68,000 in dividends in 1940.

Another Anglo company with just a single well, Frontier Royalties paid out 5 cents a share or $75,000 in dividends last year.

A third of the Anglo royalty-type companies, Sundance Royalties, paid out 4½ cents or $45,000 in dividends last year.

Extension Pays $100,000

Extension Oils, with which Anglo is associated, paid out a total of 5 cents a share or $100,000 to top the dividend payments for any single producing company in the group.

Prairie Royalties in the same group paid out 3 cents a share or a total of $37,500. Other smaller distributors in the Anglo group were Monarch Royalties, which paid one cent a share or $12,500 last year, Firestone Petroleums, which distributed the same amount, and Foundation Petroleums which paid 2 cents a share or $22,000 last year.

Calgary and Edmonton

Controlling natural gas and mineral rights for over 1.1 million acres in Alberta, including a considerable area in Turner Valley, Calgary & Edmonton Corp. distributed $241,510 or 10 cents a share in dividends in 1940, the same amount as in the previous year. Earnings in the fiscal year ended June 30, 1940, were equal to 10 cents a share/the same as in the previous year. A dividend of 5 cents has been declared so far this year.

With war bringing a big new demand for oil, Calgary & Edmonton may be able to "cash in" at a more rapid rate on its holdings of oil lands, proved and potential. If wildcat drilling results in the bringing in of new oil fields in Alberta, chances are that it would be of considerable importance to Calgary & Edmonton with its tremendous holdings checkerboarded through the area.

Brown Group Distributes

After Calgary & Edmonton, the Brown group of companies are of chief importance in the dividend distribution field, paying out $116,526 last year. Of this total, $21,426 represents distributions of Federated Petroleums and its predecessor Brown Consolidated. Brown Oil Corp. paid out $18,900 on preferred shares, while Vulcan-Brown distributed a total of 4½ cents a share or $37,200. Royal Crest Petroleums paid 2 cents a share or $19,000.

Four Star Petroleums paid out 2 cents a share or $20,000 as its contribution to the group's dividends.

Okalta Active

Paying $30 a share on 4,500 preferred shares on March 26, 1940, Okalta Oils completed redemption of its entire preferred stock issue. The company is active in the drilling of wells on its own account as well as leasing ground for the drilling of wells by other interests.

Three producing wells are now held directly by the company and two new wells are now being drilled. In addition, royalty interests are held in a score of wells drilled on the company's Turner Valley acreage.

Besides its Turner Valley holdings, the company has ground in the Wainwright field where interest in drilling is increasing at the present time.

With the company's preferred stock issue cleared out of the way, further earnings can be devoted to payment of common dividends unless the company wishes to extend its drilling operations.

Commoil Distributing

In the actively developing Commonwealth group, Commoil distributed 4½ cents a share in dividends in 1940, placing $43,658 in the hands of shareholders. Davies Petroleums paid 2 cents a share or $33,999. Sunset Oils was able to pay out 5 cents a share or a total of $84,000. Vulcan Oils paid 5 cents a share or $22,494.

Model Oils, one of the older Turner Valley companies, paid 2 cents a share in 1940, calling for a distribution of $19,910 on its issued capital. Granville paid one-half cent a share or $3,750. Share Royalties paid a cent a share or $4,500.

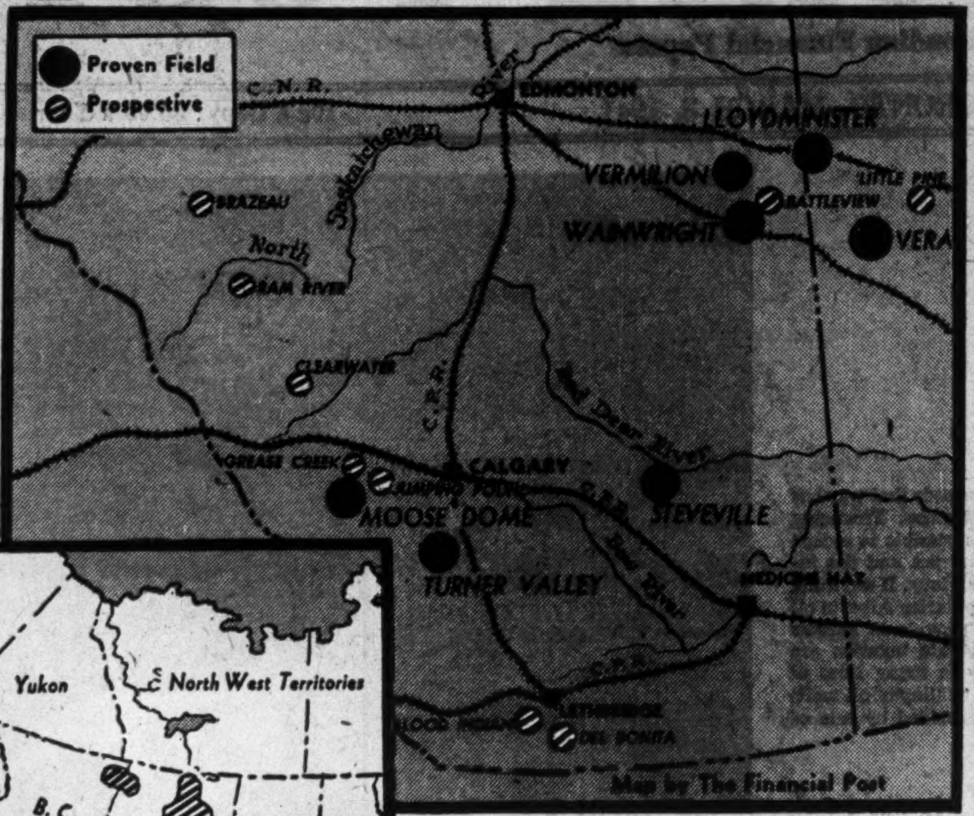
Royal Canadian Oils with three producing wells in Turner Valley paid one cent a share or $22,366 last year. Further dividends were deferred, however, until certain liabilities incurred in drilling should be reduced. The company holds acreage two miles north of Alberta Oil Incomes No. 2 well which officials hope will prove of importance.

Acme and Ajax Paying

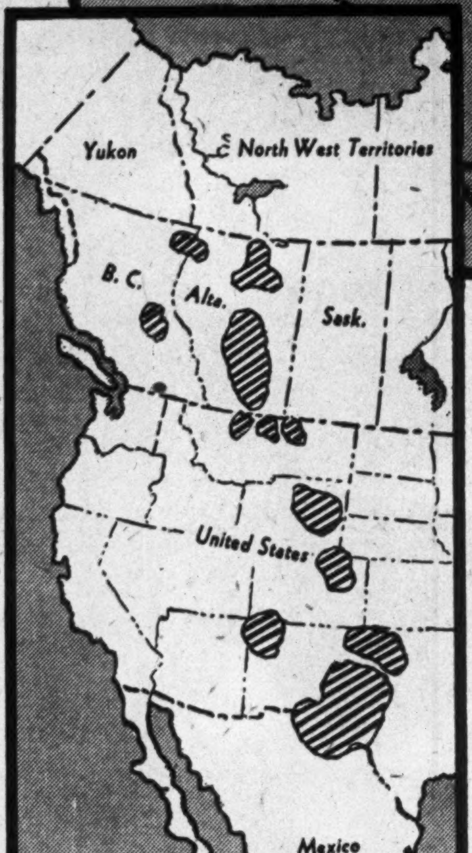
All the dividend paying oil companies in which Canadians are interested are not confined to Turner Valley. Acme Gas & Oil, with producing wells in southwestern Ontario, and Texas, paid a cent or $20,157 as its contribution to 1940's dividends.

Ajax Oil and Gas Co., which has extensive natural gas properties in Ontario as well as an 8-inch pipe line servicing its Kent County wells, paid 1½ cents a share or $14,818 in dividends for 1940.

While the trend for drilling of oil wells in western Canada in recent years has been to sell oil royalties rather than shares, there are some people who believe that shares may regain their popularity among investors. Companies can be formed to distribute production in much the way as is done with oil royalties. With a large share capital, greater distribution can be secured and investors can secure a smaller interest than is possible with oil royalties.



Map by The Financial Post



LOTS OF ALBERTA OIL

There is lots of oil in Alberta and other parts of western Canada. All the way up to the far north showings of oil can be found. The problem is to find it in sufficient quantities and under conditions that it can be removed commercially.

For years Turner Valley has been the only major source of crude oil production but Alberta oilmen are hoping that Steveville will develop as another big source of crude production. Another six months will give the story. Main Alberta fields are shown above with chief areas on continent at left.

With most investors putting their money into oil royalties rather than shares of new developing oil companies in recent years, dividend payments have not shown any spectacular growth. But there are indications that the situation may materially improve in 1941 or 1942 even though some companies are diverting income to work on outside structures.

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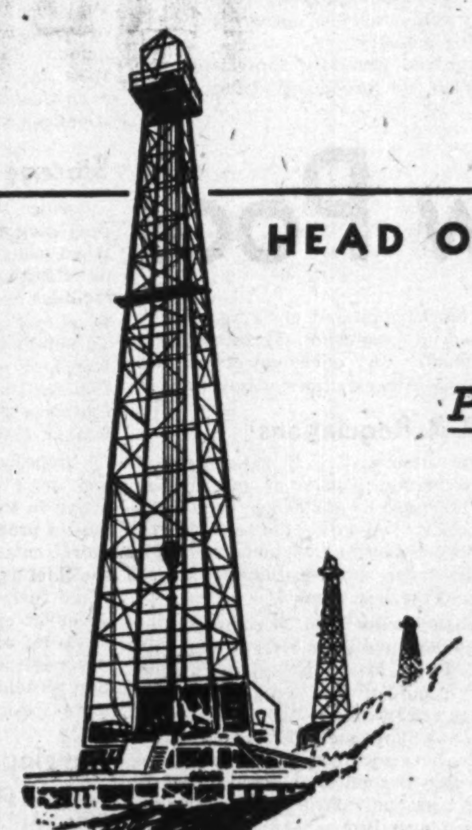

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Standardization Enters Oil Royalty Picture

With most "drilling money" now being provided by sale of oil royalties which have enjoyed a tremendous increase in popularity — particularly in eastern Canada — a survey of the oil royalty situation is of vital interest. How royalties are marketed, what different types entitle the holder to, and the way investors are being protected, is reviewed in detail here.

What does an oil royalty represent? Is it an investment or a speculation?

In spite of the tremendous growth of investor interest in oil wells the last few years—years during which practically all new well financing in Turner Valley has been based on royalty quite precisely, but on the sion on the old royalty subject. Some of this mystery can be cleared up quickly, some not so readily. For instance, it is possible to define the characteristics of a specific oil royalty quite precisely. but on the other hand, no one can definitely estimate the length of life of a well and of course eventual worth of royalty will depend on the life.

New Regulations Instituted

The growing widespread interest in oil royalties was indicated recently when the majority of the provincial securities commissions across Canada joined together to secure standardization in the marketing of oil royalties. Regulations formulated to cover various aspects of the sale of oil royalties will be covered later in this article.

At the present time, most oil wells drilled are financed by sale of what is known as net preferred royalties—the type of oil royalty that has met with the approval of most provincial authorities.

When one of the large companies desires to drill a well and embark on a new venture, it must secure a lease on which a well can be drilled. This lease must comprise at least 40 acres in the Turner Valley field. In order to secure a lease, the financing company must agree that the owner will secure a share in future production unless an outright cash sale is made.

What Lease Holder Gets

Usually the lease holder is satisfied with the promise of 10% or 15% in gross royalties—equivalent to 10% to 15% of all future production obtained without any deductions whatever for operating expenses of the well. Perhaps the payment to the lease holder may take the form of 10% in gross royalties and some cash or deferred royalties (to be explained later).

Besides any proportion of production paid out to the original lease holder in Alberta, an additional 10% in gross royalty would go to the Alberta Government or to the C. P. R. if the well happens to be drilled on Canadian Pacific ground.

When the lease is finally procured, the financing company will likely hold the lease subject to 20 to 25% gross royalty payable out of future production. This is called an 80% or 75% lease, whichever the case happens to be. According to the standardized regulations of Ontario, British Columbia, Alberta and Saskatchewan, sales of net preferred royalties cannot be made on less than 75% lease.

Preferred and Deferred Royalties

In the case we are considering, let us suppose the financing company has secured a 75% lease for drilling. In financing, it is usual to issue twice as many net preferred royalties as net deferred royalties. Altogether a hundred units or royalties of 1% of different types—gross, net preferred, deferred, etc.—must be issued; never more.

Now here is the difference between the net preferred royalty and the deferred royalty. All the production from a well, after deduction of gross royalties to the Government and lease owner and the small outlay for operating expenses, is turned over to the holders of net preferred royalties until somewhat more than the entire cost of drilling a well is returned. The net preferred royalties are the ones that are sold to the public for cash and it is felt important that the buyers should receive their money back as quickly as possible.

Regulations Changed Recently

Not only is the entire cost of drilling the well returned but regulations were changed recently to allow purchasers to receive back their entire purchase price including the spread for sales expense on the royalty as well as cost of well drilling. After repayment of the royalty owner's purchase price, the preferred royalties participate equally with the deferred royalties and become one and the same thing.

With say fifty 1% net preferred royalties issued, the amount of the repayment per unit based on the cost of drilling a well—between $150,000 and $175,000 — and the spread for sales expense in connection with the royalties, will likely be in the neighborhood of $4,000. Before the position of the net preferred royalty was changed to include the sales expense in the repayment, the preference was formerly in the neighborhood of $3,500. Ontario, British Columbia, Alberta and Saskatchewan allow companies marketing oil royalties to take a "spread" of up to 20% for expenses, a relatively small amount when the spread allowed for sale of mining stocks is considered. Of course, if the marketing companies wish to take less than 20% they can.

Must Guarantee Performance

When mining stock is sold, the shares are usually taken down under an option agreement and very often there is no obligation to place money in the company's treasury unless shares are actually sold. There is no guarantee that the company will reach production. The situation in respect to oil royalties is rather different. The oil royalty financing firm must underwrite the whole expense involved in drilling a well, a considerable financial responsibility. All the money for drilling the well is placed in the hands of a trustee until the entire amount needed is available. This guarantees either completion of a well or return of the investor's money.

Actual drilling of the well is done on a turnkey basis. With this arrangement, the contracting company drilling the well guarantees completion of the well at a certain depth—the depth at which a geologist report states the limestone formation will be reached.

Driller's Hazard

The drilling contractor may have to spend $30,000 or $40,000 additional to "fish" lost tools but he must complete the well to the stipulated depth. On one or two occasions the limestone has proved deeper than the geologist report suggested and additional expenditure has been required to complete the well to the producing horizon. The financing house usually puts up the money necessary in cases of this kind, receiving it back from first production.

Financing of wells is not carried out by sale of deferred royalties which are usually held in pool until the financing of a well is completed. The majority of the deferred royalties are usually retained by a financing house as its reward for underwriting the big expenditure involved in drilling of an oil well in Turner Valley. Very often deferred royalties will be issued to aid in the securing of a lease for drilling.

New Conditions Might Help

With the current demand for speed-up in the rate of drilling in Turner Valley, it has been proposed that conditions might be changed so that the net preferred royalties should receive all the first production before even deducting for "gross" royalties to the Government and original lease holder. To compensate the Government and the original lease holder, it is proposed to give a greater interest in production later on. So far this move seems to have made little headway, although it would undoubtedly encourage capital to flow more freely into the drilling of new wells if it could be implemented. Just now, however, the number of drilling rigs available seems to be the "bottleneck" in Turner Valley drilling rather than the actual securing of finances for drilling itself.

Information Sheet Provided

The uniform regulations called for by the Securities Commissions of Ontario, British Columbia, Alberta, and Saskatchewan—and favored by other commissions — have been formulated with the idea of giving to the investor as complete information as possible on the oil royalties he is asked to purchase. An information sheet, called the "offering" sheet, must be supplied to the prospective oil royalty purchaser which shows these things among others:

The name and type of royalty offered.

How the gross production is divided up into types of royalties.

When the well was brought into production and the number of barrels of oil produced.

The current allowable for the well.

Total payment on 1% of the royalty offered up to a certain date.

The amount of preference on the royalty if the royalty is of the "preferred" type.

The name and address of the trustee for the royalty owner.

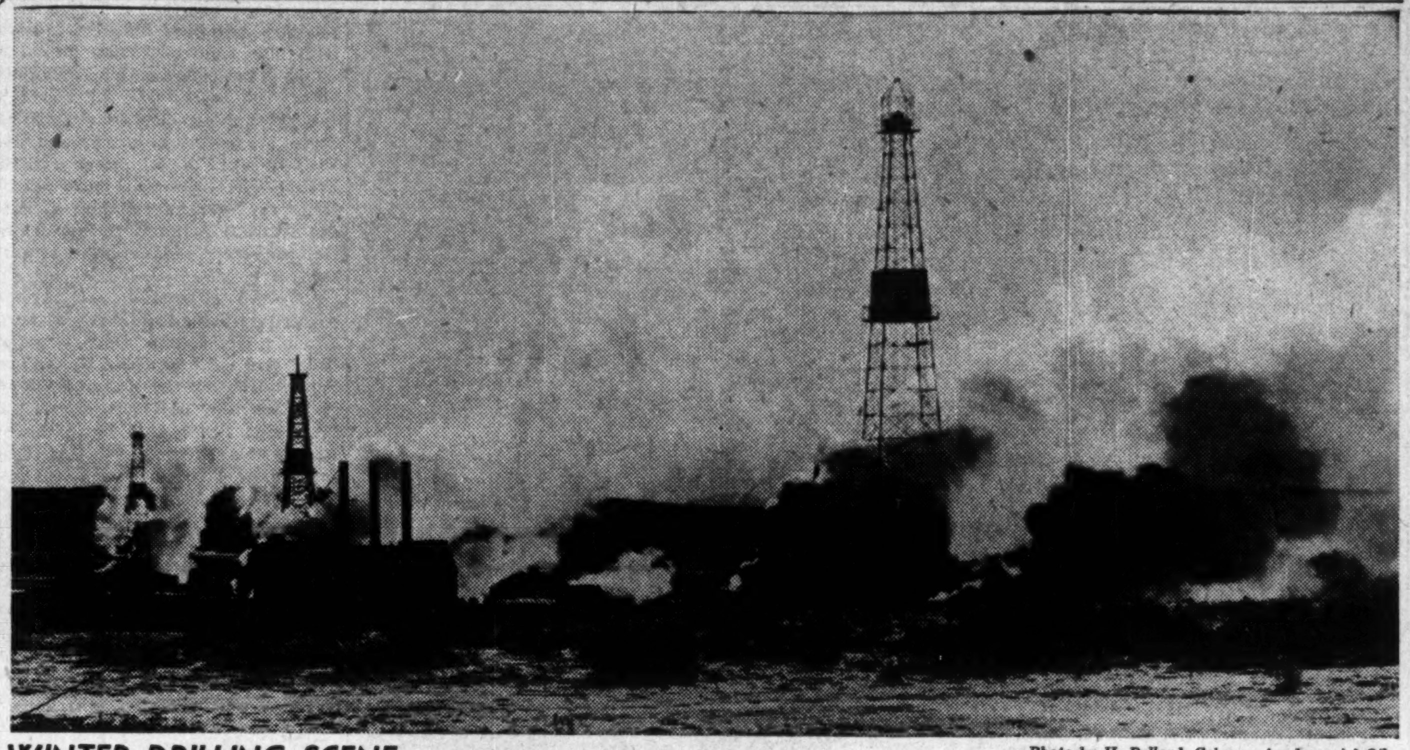
This offering sheet covers producing oil wells. It is understood that an offering sheet of similar character is being drawn up for "drilling" royalties — that is for wells which have not yet been completed.

Par Capital Return

Besides calling for the offering sheet to be submitted to the purchaser, investors are to be notified that investment in royalties is regarded as speculative in character and that allowance must be made for return of capital before computing income received from the oil royalty.

Before oil royalties can be sold approval must be secured. First of all, authorization of sale must be secured in the province in which the well is being drilled before approval will be granted for sale in an outside province. Regulations also provide for a recognized trust company being appointed as trustee under the trust agreement for drilling of the oil well. This is an added protection for the purchaser of an oil royalty.

When an oil royalty is sold for an actual drilling site and the area has not yet been recognized as proved by the Petroleum and Natural Gas Conservation Board of Alberta, or the body exercising similar jurisdiction within the province in which development takes place, it is provided that the purchaser shall be given a preferential participation in any subsequent development of adjacent tracts held or controlled directly or indirectly by the person, or firm controlling the development. This adds to the speculative attraction of oil royalties on unproved acreage.



WINTER DRILLING SCENE

—Photo by H. Pollard, Calgary, for Imperial Oil.

Scenes like that above are common in Turner Valley today. Altogether 29 drilling rigs are now in operation—more than at any previous time in the Valley's history.

So many sites for further wells have been selected that it appears drilling rigs will be busy for all this year at least. Development is now being concentrated in the central and northern parts of the field.

Dealers in OIL ROYALTIES

AKR OIL ROYALTIES BONDS SHARES

A.K.G.REID & ASSOCIATES

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CALGARY WINDSOR TORONTO OTTAWA

RAM RIVER OILS LIMITED

Head Office, — 728 Tegler Building, Edmonton, Alta.

Capitalization: 1,000,000 Shares N.P.V.

I. B. Howatt, K.C., Pres. — F. D. Perry, Sec.-Treasurer

RAM RIVER NO. 2 WELL DRILLING AT 2,501 TF. Feb. 4th, 1941. Showings of oil at 2,474 ft. and 2,488 ft.

Location of well: L.s.d. 8, Sec. 2, Twp 37, Rge 11, W 5th M. Ram River—Clearwater Structure.

Ram River No. 2 spudded in May 17, 1940. Drilling started June 1st, with the initial advantage of commencing from 450 to 500 ft. in the Devonian formation because of erosion. On June 6th the 4" control casing was set at 23 ft., and on Aug. 26th the 3" production casing was set at 420 ft. Strong gas odor was encountered at 465 ft., with oil showings at 528 and 537 ft.

Four acid tests for deviation have been taken at 500 ft. depths down to 2,000 ft., by Mr. J. B. Webb, Geologist for Anglo Canadian, who reported to the Conservation Board that for all practical purposes Ram River No. 2 may be considered a vertical hole to 2,000 ft.

On Feb. 4th, 1941, the well was shut down for a two-week period for overhauling the hoisting equipment.

Production Horizon is Expected at Approximately 3,000 ft.

(The foregoing facts are published for information purposes only)

TORONTO OFFICE: 1002 Central Bldg. 45 Richmond St. W. Telephone, Waverley 8281

WINDSOR OFFICE: 10 Capitol Theatre Bldg. Windsor, Ont. Phone 3-8264

★ ★ ★

IMPERIAL PRODUCTS

IMPERIAL OIL LIMITED

Producers, Refiners, Distributors and Marketers of Quality Petroleum Products Since 1880

★ ★ ★

SOME FACTS ABOUT IMPERIAL OIL

50,000 Canadians are shareholders in Imperial Oil Limited.

5,000 of these are employees of the Company.

★ ★ ★

10,000 people are employed in Imperial Oil activities throughout Canada.

★ ★ ★

Imperial Oil employees enjoy security . . . sickness and death benefits, group insurance and a thrift plan protect them and their dependents . . . a pension plan provides for their future . . . when their years of productive effort have passed they do not become charges upon the community.

★ ★ ★

Imperial Oil is the only Company which manufactures and distributes petroleum products throughout Canada and in Newfoundland.

Through its operations abroad Imperial Oil brings many millions of dollars of foreign exchange into Canada each year.

★ ★ ★

Imperial Oil engages in every phase of the oil industry from exploration for crude oil to the marketing of finished products.

★ ★ ★

Imperial Oil pioneered the distribution of petroleum products on the western plains and in the "New North."

★ ★ ★

Imperial Oil never had a strike or a lockout. It pays fair wages, affords the best possible working conditions, and through its industrial representation system gives workers a voice in matters affecting them.

★ ★ ★

Imperial Oil operates the world's most northerly oil field and refinery near Fort Norman in the North West Territories.

Imperial Oil's capital structure is simple . . . It has never issued other than common stock . . . it has no bonds, debentures or preferred stock.

★ ★ ★

Imperial Oil's cost figures include no charges for funded debt or for interest on capital investment.

★ ★ ★

From its Canadian operations Imperial Oil has averaged, during the past five years, a return of not more than 5% on its invested capital, every cent of which is continuously and usefully employed.

★ ★ ★

Imperial Oil employees serving in the armed forces receive from the Company the difference between their service pay and their salaries or wages at time of enlistment.

Plains Area Big Potential Oil and Gas Source

Widespread oil and gas possibilities have been disclosed in the Alberta-Saskatchewan plains area. Big exploration programmes are getting under way this year in the central plains area extending northward from the international boundary in Saskatchewan. Imperial Oil and associated interests are carrying out the pioneer work in this area. Success would mean a wide extension of interest in the plains area.

With the past year revealing important new potentialities for such fields as Vermilion, Lloydminster, Vera, Battleview, Dina and Wainwright, activity in the prairie plains area is expected to have a further year of progress in 1941.

In many ways Vermilion was the outstanding field in the Alberta-Saskatchewan plains area in 1940. Crude production was found possible at a number of wells and while output has been small, cost of drilling wells has been very low compared with other fields.

Lloydminster has also shown ability to produce crude in somewhat smaller quantities but so far the field has been most noted as a great potentital source of gas. Dina had a small output of crude last year and so did Wainwright, one of the pioneer fields in this plains area straddling the Alberta-Saskatchewan boundary.

Imperial Exploring

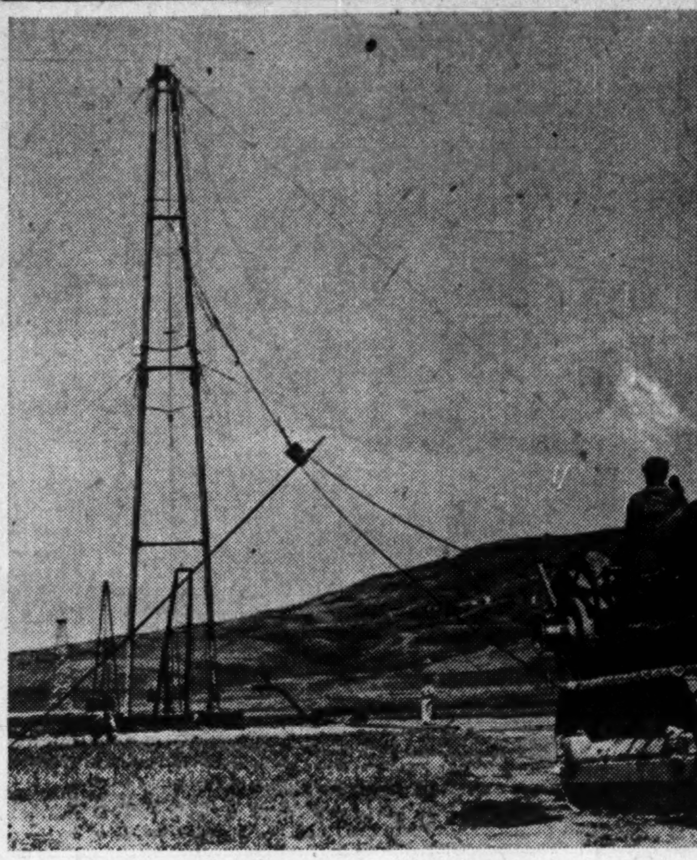
At least two big surveys will be carried out this year to determine possibilities in the central plains area of Saskatchewan. Imperial is continuing its pioneering efforts to prove up oil possibilities on the prairies. Through its subsidiary Northwest Co., a 1,600-square mile block is to be surveyed and developed this year in south central Saskatchewan. This block is just south of an 1,800-square mile block being surveyed and developed by Norcanols Oil & Gas Co., a company backed by Imperial Oil, Canadian Western Natural Gas, and Osler, Hammond & Nanton Ltd.

The two blocks of ground are being developed under agreements reached with the Saskatchewan Government, owner of the petroleum and natural gas rights. The Northwest Co. block of ground—the latest taken over for development from the Saskatchewan Government—is described as "extending from the United States boundary south of Weyburn, westward to a point about directly south of Moose Jaw, and then northward to Avonlea."

Other Prospects More Immediate

While this big exploration programme which Imperial is heading up may be of great importance on a long-term basis, the immediate prospect of proving up further oil reserves in the Alberta-Saskatchewan plains area appears to lie in the ground around Vermilion with many possibilities of gas all the way from Lloydminster down to Vera-Unity and across east to the Little Pine structure.

Franco Oils has largely pioneered efforts in this section of the plains.



—Photo by Photographic Arts.

PULLING THE CASING

Bringing the casing up from the bottom of a Turner Valley well as pictured above is a big and heavy job. Over a mile of casing is required per well, all heavy metal. Pulling the casing is necessarily a tedious job. Just bringing the tools up on a drilling job may take four or five hours.

With large gas reserves proved up, the company unfortunately has met with delay in its plans to complete a pipe line from the Lloydminster-Unity fields to supply the city of Saskatoon, which wishes to be supplied with gas. The delay was occassioned by conditions arising out of the war.

Development Continuing

While this delay has occurred, Franco and its associated companies — Battleview, Shaw - Petroleums, Triangle Gas and Oil Co. and Vermilion Oils—have continued their development programme. Surveys have been completed on large parts of the 100,000 acres that Franco controls either directly or indirectly.

In the Cardston area of Alberta Franco plans to complete its two wells this coming spring. Previously the drilling rig was removed when a difficult "fishing" job occurred at the No. 2 well in this sector.

Production from the Vermilion field in 1940 totalled 10,817 bbls. Of this the Battleview No. 2 well produced 9,227 bbls., Vermilata No. 2 well, 915 bbls., and Western Battleview, 675 bbls. The Western Battleview No. 1 well pumped intermittently during the month of January, yielding 855 bbls. for the month. Of this output, 653 bbls. were shipped to the North Star refinery at Winnipeg. The Vermilata-Frankview No. 2 well, flowing under its own power produced an estimated 315 bbls. during January and shipped 162 bbls. to the North Star refinery. Battleview No. 2 production for the month is not available.

The Lloydminster area was responsible for 1,648 bbls. of crude oil in 1940 with 510 bbls. coming from the Lloydminster Royalties well and 1,138 bbls. from the Shaw No. 2 well. The Lloydminster well was not operated in January while the Shaw well yielded 26 bbls. in the part of the month it was in operation.

Problems Dealt With

Chief difficulty in the Vermilion area has been in taking the crude from the oil sands and in pumping. Packers have been installed to cope with the sand intrusion problem which is not considered insurmountable.

Besides wells already mentioned there are four others completed—Richardson No. 1, Acme No. 2, Franco-Hammers No. 1 and Franco-Hammers No. 2. Two of these at least are awaiting a pumping test to determine their production possibilities.

Derricks are standing waiting for drilling on three locations—Western Drilling No. 1. site, Cord Graham No. 1 and Graham King No. 1. The Alberta Southern well is understood to be standing at 110 ft. depth, the Conestoga No. 1 well and Franco-Hammers No. 1 well have their casing cemented, both being down approximately 1,850 ft. depth.

Oil sands in the Vermilion, Lloydminster and Wainwright area are a tremendous reservoir of oil for some time in the future, it is believed. Apparently these same sands extend up as far as McMurray where Abasand Oils is working on the tar sands. Other fields may be found in between with this same slow-flowing oil.

Added — A New Pool

(Continued from page 13)

cial groups are interested in development of the Princess-Steveville area is expected to be important for the area's future. Resources behind the Standard Oil and Steveville Oil Co. operations, for instance, ensure that rapid and orderly development of holdings can be carried out. These companies, too, may be able to arrange for marketing more readily than groups with smaller financial means.

To Use Best Methods

Development of Princess-Steveville—if the field turns out as expected—will likely be much more scientific than was the case in Turner Valley. There will be no dissipation of valuable gas, necessary for the lifting of oil. As a matter of fact, Steveville has plenty of gas. The field was proved as a valuable source of gas both by Anglo-Canadian and Standard Oil of B. C. before the crude oil strike was made. In order to secure orderly development, drilling of wells is only being permitted on every other subdivision. This regulation was placed in effect until conditions in the field are more thoroughly known, to prevent too many offsets being drilled. Wells must be located in the centre of the legal subdivision where topography permits.

Work Well Spread Out

Drilling operations, of course, will not be restricted only to the Princess dome. Finding of crude in this dome enhances possibilities of finding crude in many other shallow domal structures known to exist in this general area. Leases, permits and registrations have been taken over an area within a 60-mile radius. Reservation for from 1,000 up to 345,000 acres have been made.

While the Princess-Steveville area has stolen the spotlight for the moment as far as new oil fields are concerned, other Alberta areas are making steady progress with exploration programmes. Work is being carried on at the Moose Dome structure, 40 to 50 miles northwest of Calgary, on the Ram River structure about 125 miles west of Red Deer, at the Blood Indian Reserve southwest of Lethbridge and not so far from the international boundary, and on the Sarcee Indian Reserve not far from Turner Valley. Over near the Saskatchewan boundary, in the plains area, there is considerable activity in the Vermilion, Battleview, Lloydminster and Wainwright areas, reviewed elsewhere.

Moose Dome Proved

Moose Dome is now regarded as a proved field. Of two wells completed to depths of 1,600 and 2,800 ft. in this area, one has been producing a small quantity of high gravity crude oil while the other has shown a heavy intermittent flow of gas. Following acquisition of 7,000 acres of ground in this area, McColl-Frontenac is just completing the first in a series of wells to be put down in a big development programme.

On the Ram River structure, work on Ram River Oils No. 2 well is now nearing a depth of close to 3,000 ft.—the section where the company believes best possibilities of securing commercial production exist. Numerous showings of good quality oil have been encountered in the drilling so far.

If present drilling proves successful, Ram River Oils will have a very large acreage available for development. Financing has been arranged for completion of the present well with drilling resumed a short time ago after a complete overhaul of equipment.

Blood Indian Situation

On the Blood Indian Reserve, Northwest Co.—exploration subsidiary of Imperial Oil—has put down a deep hole on acreage of West Petroleum following a seismic survey carried out for West Petroleum which indicated a very large structure for development.

At 20 ft. in the Madison limestone water-free 36.5 degree gravity oil was encountered but a water intrusion showed up at 84 ft. in the limestone. Drilling is now being carried through the 1,500-ft. thickness of the Madison limestone to test the Devonian structure to be reached at about 7,700 ft. depth.

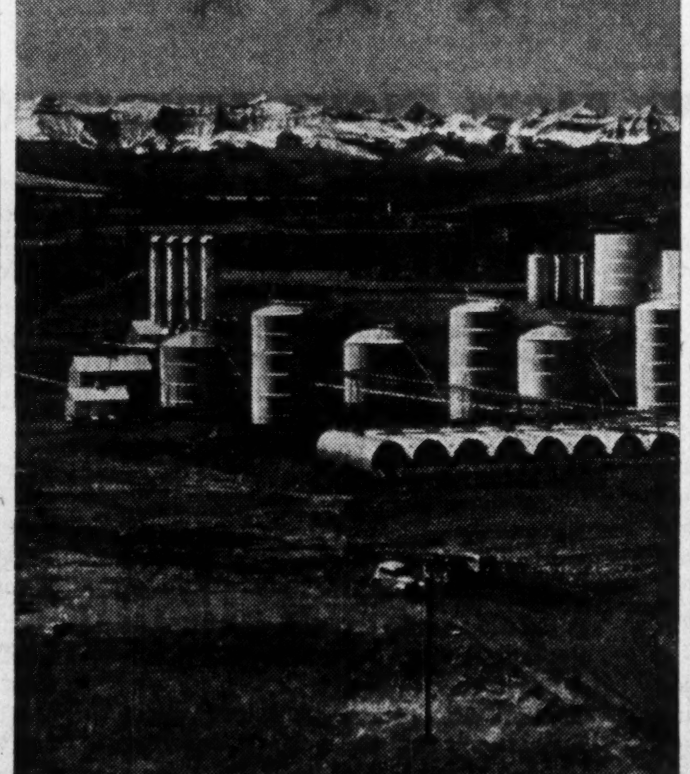
Sarcee Seeks Extension

On the Sarcee Indian reserve, the Inland Sarcee No. 1 well has been carried to a depth of over 1,250 ft. using cable tool equipment. It is hoped to prove a continuation of Turner Valley conditions several miles northward. At a depth of 2,500 ft., the well switches over to a rotary drilling rig.

Clear Oils No. 1 well is also being put down on the Clearwater structure located about 100 miles southwest of Red Deer and to the southeast of the Ram River structure. At last report work was approaching the 1,000-ft. horizon.

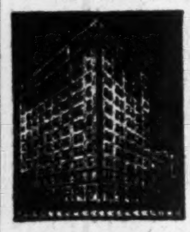
BIG POSSIBILITIES

A storage tank one mile square and 1.4 mile high would hold all the oil the world has ever produced up to the end of 1939, according to J. Howard Pew, who points out that "it is inconceivable that such a quantity can represent more than a very small percentage of the total Nature has stored away."



More Storage Now

Since the outbreak of war, oil storage in Canada has been increased by over 25%. Part of this increase in capacity was placed in effect to save American dollars by storing Turner Valley crude in winter to take care of summer demand. Besides this, however, facilities were installed to supply the navy and to allow storage of emergency reserves in this country.



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SAMPLE ROOMS - COFFEE SHOPPE

OKALTA
OILS LIMITED
Renfrew Building, Calgary
CAPITALIZATION
1,800,000 Common Shares (No Par) of which 112,650 shares are held by a Trustee at the disposal of the Company
Owners of Producing Wells
Okalta No. 7, No. 8 and No. 9 Wells.
Owners or Royalties
On 20 Producing Wells on Okalta properties.
LEASES
3,700 Acres Turner Valley Structure
970 Acres Highwood-Sinclair Structure
1,240 Acres Wainwright Structure
DRILLING
No. 10 Well now drilling at depth of 7,710 ft., 205 in lime.
No. 11 Well now drilling at depth of 1,535 ft.
All Preference Shares have been redeemed by the Company, therefore all original Shareholders have received in distributions the return of their original investment.
Drilling Sites Available
We have several Choice on the West Flank of Turner Valley.
OFFICERS
W. S. Herron, Pres.
H. F. Herron, Vice-Pres.
Fred Whitaker, Secy-Treas.
OKALTA
OILS LIMITED
Dated Calgary, Alta., March 7, 1941

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Can they be considered an investment?
In view of the rapidly increasing interest of investors, we have made an exhaustive and unbiased report of Oil Royalties.
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Steveville Oil Co. Ltd.
Owns approximately 60,000 acres in Steveville Princess area. Drilling will commence shortly on a location just east of the Princess No. 2 discovery well. Particulars and map on application.
We can offer:—
Attractive leases and suitable drilling rig for Steveville Princess area.
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Dawson-Steveville Syndicate
THE OFFICE OF THIS SYNDICATE IS LOCATED AT
308 Lancaster Building
CALGARY, ALBERTA
Information regarding holdings, etc., for prospective purchasers of interest in the Syndicate may be obtained from H. S. Flock, Manager.
Inquiries regarding acreage or drilling sites will be promptly attended to.
H. S. FLOCK, Manager. — F. L. SHOULDICE, Chairman of Advisory Committee.
OFFICE, M 4284 —TELEPHONES— RESIDENCE, S 0542

COMMONWEALTH PETROLEUM LIMITED
Head Office: 4 Clarence Block, Calgary, Alberta
Listed on the Stock Exchanges of Vancouver, Calgary, Toronto and Montreal Curb Market.
Net profit for 14 month period ending May 31st, 1938 .... $ 35,324.18
Net profit for 12 month period ending May 31st, 1939 .... $ 48,989.52
Net profit for 13 month period ending Aug. 31st, 1940 .... $115,817.50
Note the earnings of this Company have increased substantially.
AUTHORIZED CAPITAL:
2,000,000 shares without nominal or par value. Issued:—1,999,309 shares.
Subsidiary Companies:
COMMOIL LIMITED
AUTHORIZED CAPITAL:
1,500,000 shares, no par value.
Issued:—970,187 shares.
Net profit for year ending April 30th, 1940 .... $ 61,963.48
Dividends paid to date $223,013.95
Shares owned by Commonwealth Petroleum Limited 498,260
Listed on the Stock Exchanges of Vancouver, Calgary and Toronto.
COMMAND OILS LIMITED
AUTHORIZED CAPITAL:
2,500,000 shares, no par value.
Issued:—1,380,630 shares.
Net profit for year ending April 30th, 1940 .... $ 20,801.08
Shares owned by Commonwealth Petroleum Limited 1,021,406
Listed on the Calgary Stock Exchange.
COMMONWEALTH DRILLING COMPANY LIMITED
AUTHORIZED CAPITAL:
100,000 shares, par value $1.00.
This is a totally-owned subsidiary of Commonwealth Petroleum Limited. It has drilled three wells and has proven a splendid investment for the parent Company.
F. F. REEVE: Pres. and Manager. G. J. McKAY: Sec.-Treas.

More of your Gasolene Dollar stays in Canada when you buy B-A

THREE IMPORTANT STEPS TOWARD CANADA'S ECONOMIC SELF-SUFFICIENCY
1934 In the depths of the depression, the British American Oil Company Limited, with faith in Western Canada, erected a refinery at Moose Jaw, Saskatchewan.
1938 With Turner Valley Oil Field evidencing increasing importance, B-A constructed a new and modern refinery in Calgary to handle crude oil from this producing area and discontinued operation of the small Coutts, Alberta, plant, which, until that time, had processed United States crude oil.
1941 As a result of the war, and with the approval of the Oil Controller, B-A begins the construction of a lubricating oil plant to help make Canada independent of imported lubricants.

THE BRITISH AMERICAN Oil Company Limited is a Canadian Company, an *independent* Canadian Company, in the truest sense of the word.
The Company was founded by Canadians 35 years ago — during this period the number of shareholders has multiplied many times until today these shareholders are more than 18,000 in number, of whom well over 90 per cent are resident in Canada.
The commercial success of The British American Oil Company Limited has been built, to a substantial extent, on this Canadian ownership. The customer support by the shareholder proprietors of the Company provided the foundation for the Company's remarkable growth.
YOU BUY CANADIAN WHEN YOU BUY B-A
Recently every shareholder received a little folder that showed these Canadian citizens, conscious, as are all Canadian citizens, of the need of conserving foreign exchange, that their Company was a real asset to Canada in this respect.
West of the Great Lakes where Turner Valley crudes are available, British American gasolenes are completely Canadian from the ground up. Western customers' dollars stay in Canada.
To protect its Eastern Canada market for which raw material must be imported, British American owns crude oil wells in the United States — profits from these operations are brought to Canada. "Thus," the leaflet points out, "You Buy Canadian When You Buy B-A".
THE BRITISH AMERICAN OIL COMPANY LIMITED
Refineries at
MONTREAL TORONTO MOOSE JAW CALGARY

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What We Do:

1. Give information on Canadian securities to Financial Post subscribers.
2. Publish anonymously letters of general interest.
3. Supply facts rather than opinions.

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1. Answer enquiries of non-subscribers.
2. Answer enquiries on foreign securities.
3. Reply by telephone or telegraph.
4. Select list of securities; express opinions; or make forecasts.

Three-cent stamp and address label from subscriber's copy of The Financial Post must be enclosed. Address letters to The Financial Post, 481 University Ave., Toronto 2.

Abitibi 6% Preferred

If Abitibi Power and Paper is reorganized, can you give me any ideas as to the potential value of the present 6% preferred stock?

As we do not know what the basis for eventually reorganizing Abitibi will be we are unable to give any estimate of the potential worth of the 6% preferred shares. We should perhaps point out to you that ranking ahead of these shares are $48 millions, 5% bonds, plus unpaid interest, making a total of over $70 millions and $1 million issue of 7% first preferred. Until the reorganization plan is announced and actually adopted by security holders, it would be premature to attempt any estimate of the potential value of these 6% shares.

Mont. Dry Docks

We are wondering if you could explain to us why some action has not been taken before this in regard to Montreal Dry Docks 6% bonds, due 1948, at present in default. These bonds were guaranteed by Canadian Vickers, which concern, we are informed, is very busy on war contracts at present. Why have Vickers not been compelled to make good their guarantee?

There are several reasons why no action has been taken in respect to the first-mortgage bonds of Montreal Dry Docks Ltd. In the first place, there is nothing to be gained by "compelling" Vickers to make good their guarantee on the bonds as Canadian Vickers itself is in need of reorganization. We have been given to understand by the committee representing the Montreal Dry Docks bondholders that they are standing firm on their position but nothing really can be done until they know just how the Vickers picture is going to shape up. Meanwhile, earnings of Montreal Dry Docks last year were exceptionally good, and well in excess of bond interest requirements. But the receiver and the committee are of the opinion it would be unwise to pay interest on the bonds until such a time as they know how they stand under the Excess Profits Tax Act, and also as to what their working capital requirements will be in 1941. The latter, of course, depends upon the volume of business which they get from the Dominion Government.

Brazilian Traction

Some time ago I purchased shares of Brazilian Traction at considerably more than current prices. Do the operations of the company justify me in continuing to hold these shares for a dividend?

Operations of Brazilian Traction's subsidiaries in Brazil continue to show gains. When translated into Canadian dollars, however, this showing is not quite so satisfactory because of the deterioration in the milreis exchange rate. Last year the decline in net earnings was only 1.03% and the last six months each showed increases over the corresponding period a year ago which has been continued into 1941. Brazilian's problem is not one of achieving a profitable volume of business but rather one of being able to get funds out of Brazil with which to meet the requirements for interest on its funded debt and dividends to shareholders. That is the prime reason why no dividends have been paid for some time. As to when dividends might be resumed, we are not able to make any forecast. It will depend entirely upon the exchange factors which are increasingly complicated by the war. Advice from South America indicates that this Canadian operation is highly regarded in Brazil. With a return to normal conditions, the shares should have considerable interest to investors but this may be some time in coming.

Murphy Paint

Shares of Murphy Paint Co. have been recommended to me for investment. I would greatly appreciate receiving whatever information is available on the company. Has there been any change in management and what is the past dividend record on the common?

Business of Murphy Paint Co. was established in 1908 and it is claimed that the company and its subsidiaries rank third among manufacturers and distributors of paint products in Canada. When the offering of 5½% preferred shares, with a bonus of one share of common with each preferred share, was made in December, it was stated that the company intended to commence paying a regular dividend of 80 cents a share on its common stock on April 1, 1941. It is stated that the company has shown profits in each of the past 20 years. The common shares are junior to an issue of $400,000 of 5½% cumulative preferred stock but the company has no funded debt. As this company has not been known to investors prior to the recent offering, its shares may not be very well "seasoned" as to market but its financial and earnings record appears satisfactory.

Prior to the offering of preferred and common shares late last year, this company had been owned by the two men, H. W. Thorp, who is president and Louis Hambrock, the vice-president, for many years. There is no real record of dividends paid on the common shares during the period of private ownership, although it is stated that earnings were sufficient to have enabled payment of common dividends.

Loblaw Groceterias, Inc.

I would appreciate any recent information and some of the background concerning Loblaw Groceterias Inc. (the American company). Is an increase in dividends expected?

Sales and earnings of Loblaw Groceterias, Inc., have shown some improvement since the current fiscal year began on March 1, 1940. In January, 1941, the company had in operation 117 stores, an increase of 10 since March. In addition, a considerable amount of modernizing of other units has taken place. These expenses have been charged off during the first period operations. The company expansion programme indicates that further stores will be opened as opportunity offers. Last year the company earned 89 cents a share on its common stock and is paying regular 80 cents a share annual dividends. We have no word of any increase at present and presume this would depend on higher earnings.

Working capital at March 2, 1940, amounted to $872,244. The company showed a bank loan of $200,000. The company is apparently making good progress in its programme of expansion and earnings are thought to be responding. Substantial amounts of capital will be needed in this programme which will probably keep the liquid position from rising until the programme is carried to a later stage.

Canadian Dredge & Dock

What are the prospects for a dividend from Canadian Dredge and Dock Co. in the near future?

There appears little likelihood that Canadian Dredge & Dock Co. will pay a dividend in the near future. Last payment made by this company was on Jan. 31, 1940, for $1.50 a share from earnings derived in operations of 1939. Early last summer the company was notified that the Dominion Government had stopped work on all public works of a non-essential nature. At that time Canadian Dredge had about $1 million of work on its books, a considerable portion of which dated back to before the war. No important part of this work was resumed and the company had practically nothing from which to derive earnings last year. Its report will not be available until some time around the end of March, but it would be surprising if a dividend were declared. One thing that could change this company's position to an important extent would be the start of work on the proposed St. Lawrence-Great Lakes Waterway scheme. Until something definite is known about this, however, it would be premature to count on it.

THE ONTARIO LOAN AND DEBENTURE CO
LONDON, CANADA
Established 1870
DEPOSITS ACCEPTED 5-YEAR DEBENTURES ISSUED
Deposits and Debentures (31 Dec., 1940), $12,147,569
Capital (Fully Paid), $2,000,000 Reserve Fund, $2,400,000

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The administration of an estate requires more than willingness to undertake responsibility. It requires expert handling by men trained in such matters.

Make sure that your estate will be handled by fully qualified, experienced executors by appointing a reliable trust company of long standing.
Appoint This Company Your Executor
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Montreal Trust Building
61 Yonge Street Toronto
J. F. HOBKIRK, Manager

27th Annual Statement

International Loan Company

Established 1913

HEAD OFFICE :: :: WINNIPEG

Incorporated by Act of the Parliament of Canada

Authorized Capital	$20,000,000.00
Subscribed Capital	4,631,500.00
ASSETS	
First Mortgages and Clear Title Agreements	1,018,816.55
Real Estate Clear Title less Reserve for Depreciation	66,050.32
Cash and Bank Balances	18,193.67
	$1,103,060.54
LIABILITIES	
Liabilities to the Public	nil
Unearned Discounts re Agreements	3,114.78
Capital Paid-up	935,100.98
Reserve and Undivided Profits	64,844.78
Reserve for Contingencies	100,000.00
	$1,103,060.54

Joint Managers—Geo. W. Argue and Clifford Dick

DIRECTORS

Andrew Wishart, John Burns, James Hall, B. McKenzie Gunn, H. F. M. Ross, G. S. Thorvaldson, Clifford Dick, J. G. Schill, Geo. W. Argue, W. J. Wade

Gypsum, Lime Confident

Housing Shortage To Keep Volume on Level Comparable With 1940

The current year is expected to compare favorably with 1940 for Gypsum, Lime & Alabastine, Canada, according to Col. Henry Cockshutt, chairman. He discusses the company's position as follows:

"The erection of buildings for strictly war purposes in the last nine months has lifted general construction to a higher level than in the years immediately preceding and a continuance of this programme is apparently contemplated. In addition, the shortage of dwellings in the industrial centres where increased employment will be needed to produce war equipment is an urgent problem which doubtless will be solved either by private enterprise or govenmental action. Gypsum products are essential to any type of housing construction and your company, with manufacturing plants across Canada, will have an important place in this development."

Volume of sales in the year ended Nov. 30, 1940, was substantially above the previous year, resulting in higher earnings. The gain in net profit was kept down by the heavier charges of depreciation and other items and much heavier taxes. Details of the financial statements are shown elsewhere in The Financial Post.

Canada Packers Ltd. Pays 50-cent Extra

Declaration of an extra dividend of 50 cents on the shares of Canada Packers Ltd., along with the regular 75-cent quarterly disbursement, brings total paid to date for the 1941 fiscal year to $3.50 per share. The payment is due April 1 to shareholders of record March 15.

In the two preceding fiscal years, payments of $3 during the year were followed with extras of $1 per share payable at the beginning of July. Earnings amounted to $8.34 in the year ended March 28, 1940.

N. B. Tobacco Tax Fight Goes to Supreme Court

From Our Own Correspondent

MONTREAL. — Validity of the New Brunswick tobacco tax is being contested before the Supreme Court of Canada, which is considering an appeal brought by Atlantic Smoke Shops Ltd., of Saint John, N.B., against a ruling of the New Brunswick Supreme Court.

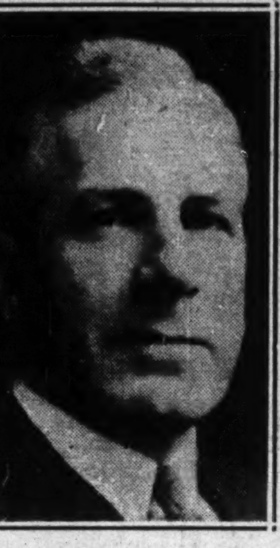
New Brunswick Legislature imposed a tax of 10% on all tobacco purchases in the province. Atlantic Smoke Shops Ltd. applied to the New Brunswick Court for a declaration that the act was ultra vires of the province, but the act was upheld.

Provincial Transport Maintains Increase

From Our Own Correspondent

MONTREAL. — Increased traffic volume of Provincial Transport Co. is being well maintained in the current year, W. S. Hart, president, stated at the annual meeting of shareholders.

Russell D. Bell, president of Jamaica Public Service Ltd., was added to the board of directors.



ELECTED DIRECTOR

W. D. Black, Hamilton, who has been elected a director of Hamilton Bridge Co. Mr. Black is president of Otis-Fensom Elevator Co.

Query Cut Rate For Air Travel

Canadian Status of Discounts for "Bulk Buying" Left Uncertain

From Our Own Correspondent

OTTAWA. — Official action to clear the status in Canada of the air travel discount system, for "bulk buyers" among regular air travellers, continues to be withheld. Objections to the plan have come from certain quarters which question the legality of its use in this country, but U. S. official approval for the device has abated agitation in Canada for the time being.

Virtually all U. S. air line operators sell transportation under the plan, which offers a 15% discount off regular one-way rates. Some companies have developed the system intensively and pushed sale of discount air travel in Canada as well as the U. S. All companies will honor tickets sold through the plan, and will sell transportation to holders of discount cards issued by other companies.

So far, Trans-Canada Air Lines has held back from selling discount cards. But it will honor tickets sold at a discount to holders of cards issued by U. S. lines, and will sell transportation at a discount over its lines to card holders. T. C. A. travellers taking advantage of this concession are not only Americans travelling in this country, but Canadians buying cards from U. S. lines and using them at times, or even entirely, over T. C. A.

Deposit Required

The procedure of the system is that the prospective traveller or his employing company makes a minimum deposit of about $500 with an air transport company. In return a discount card is issued which entitles the traveller to 15% off regular rates whenever he buys a flight ticket.

Business travellers can obtain U. S. funds for the deposits and for payment of monthly accounts, where the Foreign Exchange Control Board is satisfied that regular or frequent air travel is necessary for the person or company involved. However, buyers are encouraged where possible to pay the deposits in Canadian funds and have them kept here as resident accounts by the air companies involved, U. S. funds being released only for such flights as are made over U. S. lines.

See Discrimination

The chief objection to use of the cards in Canada, by either Americans or Canadians, is on the ground of discrimination. Card holders are able to travel 15% less than ordinary travellers on one-way trips, who may have no occasion to fly regularly or may not have sufficient means to make the deposits; and 5% less than those making round trips.

The extension of special preferences or discriminatory rates is outlawed under the Dominion Transport Act. The application of this ban to air transport appeared to be upheld about a year ago, when the Transport Board ordered several Canadian air operators to discontinue certain discounts and "bulk business" rates for shippers who were giving the companies a large and regular volume of business.

So far the Board has permitted T. C. A. to honor the travel discount cards issued in the U. S.

It is pointed out that the Act governing T. C. A. compels the air line to meet competition in rates. The suggestion is that if T. C. A. did not honor the discount cards, air travellers would fly over U. S. lines, from which connecting routes run to the principal Canadian cities.

Should the plan be fully sanctioned in Canada and issue of the cards instituted, machinery to facilitate it will be at hand in the Airlines Finance and Accounting Conference. This was set up recently as a sub-committee of the Air Transport Association (U.S.), of which T.C.A. is a member, to standardize methods of reporting the financial results of member air lines.

The Conference will try to harmonize reports which Canadian operators are required to make to the Department of Transport with those required to be furnished by U.S. operators to the U.S. Department of Commerce. It is also hoped to simplify the handling of interline accounts and their settlement by means of standardized procedure.

Interline ticketing arrangements, joint use of facilities, etc., create various problems which the Conference will seek to solve. Special problems have been created by Canada's participation in the war and the U.S. defense programme. The Conference will operate on a long range basis, and seek to prepare for the great strides in commercial aviation anticipated after the war emergency is over.

OKA SAND PROSPECTS GOOD

From Our Own Correspondent

MONTREAL.—Prospects for Consolidated Oka Sand and Gravel Co. are encouraging, shareholders were told at the annual meeting.

Bell Services Gain Steadily

C. F. Sise Tells Shareholders Further Expansion Expected

From Our Own Correspondent

MONTREAL.—Growth in demand for exchange and long-distance telephone service is continuing, C. F. Sise, president, told Bell Telephone Co. shareholders at their annual meeting.

Mr. Sise stated that business may be expected to expand for some time to come, due to the higher level of industrial and military activities.

The Bell Telephone Co. president, however, cited factors which will prevent the full extent of this growth from being reflected in earnings.

Outlay for construction in the recent years has been lower than will now be required. Following the depression years, a substantial margin of spare plant became available to the company, but with the sharply increased demand of recent months reserve of spare facilities is being reduced. Therefore, a decreased proportion of growth can be taken care of with existing plant and an increasing portion will demand construction of new facilities.

Capital Outlay to Increase

Mr. Sise stated that the company spent $73.5 millions on new constructions in 1928, 1929, and 1930 when there was a net gain in telephones of 116,000. In 1937 to 1940, with practically the same gain in telephones, outlay on new construction was only $44.5 millions. Use of spare facilities in latter years has been extensive.

To conserve labor, material and funds during the current period of growth the company intends to defer new constructions whenever it can be done without impairment of service, according to Mr. Sise.

The company was aided in this plan by the fact that most of its plant was modern and has been maintained at a high standard. Approximately 68% of all telephones in use are now dials. Further conversion to this type of service will be deferred, except where growth demands replacement of manual by dial equipment.

Taxation Gains Sharply

Taxation in 1940 totalled $5.5 millions, Mr. Sise states, an increase of $2.4 millions or 75% over 1939. Of this increase $2.3 millions is attributable to income taxes and to the "excess" profits tax.

The company is responsible for taxes levied directly upon telephone users. These in some cases were operative for the first time in 1940 and therefore do not reflect the full year in collections. Taxes collected and paid over to the various governments by Bell Telephone Co., plus the other taxes mentioned, brought the tax bill paid by and through the company to $6.5 millions.

Telephones Near Peak

There were 824,700 telephones in service at Dec. 31, representing a gain for the year of 39,242, nearly twice the increase of the previous year. Total telephones in service now exceed by 155,000 depression low reached in July, 1934, and are approximately 40,000 above the previous high of Dec., 1930.

Gross revenue from all sources of $46.5 millions in 1940 was highest in the history of the company. It marked an increase of $3.4 millions or 7.8% over the previous year. About half of the increase was in long-distance revenue.

Control Fight For Lindsay Co.

Recent Offer Boosts Bid For Common Stock to $6 a Share

From Our Own Correspondent

MONTREAL.—Fight for control of C. W. Lindsay & Co. is presaged by recent offer of General Trust of Canada for the common stock.

The trust company in a letter to shareholders of the Montreal merchandising organization has offered to purchase the stock at $6 a share. Offer is subject to provision that at least 50% of the common stock is deposited with General Trust on or before March 15, 1941.

Under the signature of Rene Morin, general manager, General Trust states that it is acting on behalf of a group of English and French-speaking Canadians. The letter states that it understands only a relatively limited proportion of shareholders accepted the previous offer.

Counter Previous Offer

No intimation is given of the source of the new offer. But it is apparent this group is seeking to prevent effort of A. L. Mailman, Montreal, to obtain controlling interest in C. W. Lindsay.

Two offers have been made to C. W. Lindsay shareholders by A. L. Mailman, president of British Rubber Manufacturing Co. of Canada, Dominion Blade Manufacturing Co. and Utica Co., all of Montreal.

On May 27 last year he made an offer through Montreal Trust Co. to purchase the outstanding bonds and capital stock of the company. Offer for the common stock was $4 a share. The offer expired June 30.

Two Interests Offer

In November last year the purchase offer was renewed through Guardian Trust Co., which held 25% of the common stock. The second offer was for preferred and common and not bonds. Option to purchase expired Dec. 20.

The recent offer from General Trust suggests that a determined fight is being waged to prevent Mr. Mailman from obtaining control of the company. It was reported unofficially that Mr. Mailman had received sufficient acceptances from shareholders on his last offer to obtain control, but the General Trust letter contradicts this contention.

At the end of last February there were 4,812 shares of preferred and 33,008 shares of common stock outstanding. As both classes carry one vote it would be necessary to control over 18,910 shares to control the company. When the annual report of the company comes out around the end of next month, it will show a substantial gain in sales in the year ended Feb. 29.

C.P.R. Earnings Mark Record

January Net Best in Company's History for the Month

From Our Own Correspondent

MONTREAL. — Net earnings of Canadian Pacific Railway Co. in January were the highest on record for any similar month in the company's history.

The company reports net of $2.7 millions for the month, compared with $1.8 million in the same month last year, an increase of $837,255.

Gross earnings increased by $2.4 millions to $14.7 millions, while operating expenses increased by $1.6 million to $12 millions.

Earnings Statement

January:	1941	1940
	$	$
Gross earnings	14,685,345	12,244,544
Operating earnings	12,019,583	10,416,039
Net earnings	2,665,762	1,828,505

C.N.R. Places Order For 25 Locomotives

From Our Own Correspondent

MONTREAL.—Canadian National Railways has placed orders for 25 freight locomotives for service on the system's United States lines.

The new engines are required to handle increased traffic on the Grand Trunk western lines, and will be built by the American Locomotive Works at Schenectady, N.Y. They will be of the northern type for use on heavy freight.

New Building

Reported by Engineering & Contract Record:

Dominion Bridge Co. has been given the general contract for construction of floating drydock at Halifax for National Harbor Board, at estimated cost of $2,750,000.

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THE STORY OF THE TELEPHONE

"IT TALKS!"
● The throngs visiting the Philadelphia Centennial Exposition, in the summer of 1876, paid scant attention to Bell's exhibit of his "Speaking Telephone". But, on a fateful Sunday when the buildings were closed to the public, the judging committee, hot and uncomfortable in frock coats and silk hats, made its round of the exhibits. The committee was accompanied by a number of distinguished guests, including Dom Pedro, Emperor of Brazil. After explaining how his telephone worked, Bell handed the iron box receiver to the Emperor. Suddenly, there was a crash as the Emperor dropped the receiver. "It Talks!" he cried in amazement. In a short 65 years the telephone has developed from an amusing toy to an instrument of world-wide social and economic importance. The coast-to-coast circuits of the Trans-Canada Telephone System have helped to make this possible.
THE TRANS-CANADA TELEPHONE SYSTEM
TRANS-CANADA TELEPHONE SYSTEM
THE BELL TELEPHONE COMPANY OF CANADA

THE WEEK'S QUOTATIONS

Toronto and Montreal Exchanges

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING MARCH 3

Range 1941 High	Low	Div R'te $	Mar. 1 Y'ld %		Sales	Last Feb. 24	Week end. Mar. 3 H	L	Cl'se

Mining Stocks

Week Ending March 3.

Par Val.	Range 1941 High	Low	Company	Sales	Close Feb. 24 (or last)	High for week	Low for week	Close Mar. 3

Oil Stocks

Vancouver Stocks

Oil Quotations

*Quotations for 1940.

Winnipeg Stocks

(Transactions from Feb. 24 to Mar. 1)

	Sales	High for period	Low for period	Close Mar. 1
Beaver Lumber, c.	160	3.50	3.50	3.50
Federal Grain, pfd.	25	26.00	26.00	26.00
Great-West Life	4	205.00	205.00	205.00
National Malartic	1,000	.33	.33	.33
Western Breweries	50	1.70	1.70	1.70
Western Steel	10	5.25	5.25	5.25
Wingold	5,500	.08¾	.08	.08¾

Stocks Not Traded in During Week*

	Bid	Asked		Bid	Asked
Beaver Fire	73	..	Home Invest.	13	..
Beav. Lumber, p	102	..	Nor. Can. Mtg. p.	5	..
Can. Airways	1	..	North. Trusts	7	..
Can. Indemnity	150	..	Traders Bldg.	43	..
Cres. Cream., p.	10½	15	United Grain	9	11
Dom. Envelope, c	8½	..	West. Grain, p.	..	7
Dom. Envelope, p	91	97½	Wings	.15	.40

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
Mar. 4	4,000	4,400	131,000	......
Mar. 3	5,200	7,200	94,000	6,044
Mar. 1	3,000	11,200	104,000	13,050
Feb. 28	5,800	8,200	185,000	34,050
Feb. 27	7,800	6,800	122,000	8,190
Feb. 26	6,100	11,100	182,000	40,530

Government Bonds

(Supplied by Investment Dealers' Assoc. of Canada)

Dominion of Canada Bonds March 4, 1941

%	Due	Bid	Ask.	Approx. Yld.
5	Nov. '41	102½	102¾	.89
1½	May '42	100½	100¾	.92
2	June '42	100¾	101¼	.91
3	Oct. '42	102½	103	1.12
2½	June '43	102	102½	1.37
5	Oct. '43	108	108½	1.63
2	June '44	100¾	101¼	1.57
a2½	Jan. '44	93	94¾	4.46
4½	Oct. '44	108¾	109½	1.91
2½	Nov. '44	102	102¾	1.74
a2½	Aug. '45	89½	91¾	4.75
4	Oct. '45	105½	106	b1.69
4½	Feb. '46	109½	110½	2.30
3½	June '49	102½	103½	b2.59
3½	Oct. '49	103	103¾	b2.42
3½	Nov. '51	101	101¾	b3.00
3½	Feb. '52	101½	102	b2.94
a5	May '52	98½	99½‡	5.08
4	Oct. '52	105½	106½	b2.94
3	Oct. '52	98½	99½	3.07
3	June '55	98½	99½	3.07
4½	Nov. '56	107¾	108½	b2.90
4½	Nov. '57	108½	109	b3.00
3	June '58	98	98½	3.09
4½	Nov. '58	108¾	109½	b3.10
4½	Nov. '59	109¾	110½	b3.10
a4	Oct. '60	89½	90½‡	4.76
a3½	Jan. '61	81	82½‡	4.60
3½	June '66	100½	101	b3.17
a3e	Jan. '67	78	79½‡	4.34
a3e	Nov. '68	78	79½‡	4.28
†3	Perpet'l.	90½	91	3.30

Dominion Guarant'd Bonds — Can. Nat'l. Railways:

%	Due	Bid	Ask.	Approx. Yld.
2	Feb. '43	100¾	101½	1.24
2½	Jan. '46	99¾	100¾	2.09
3	May '44	103	104	1.71
3	Dec. '50	98¾	99¾	3.03
3	Feb. '53	97¾	98¾	3.12
3	Jan. '59	96¾	97¾	3.16
*4½	Sept. '51	114	115	2.84
*4½	Feb. '56	114½	115½	3.19
4½	July '57	115	116	3.24

%	Due	Bid	Ask.	Approx. Yld.
*4½	June '55	116¾	117¾	3.21
5	Feb. '54	117	118	3.29
*5e	July '69	114½	115½	b1.74
*5e	Oct. '69	118	119	b2.99
*5e	Feb. '70	118	119	b3.08
Grand Trunk Pacific Rly.:				
3	Jan. '62	98	99	3.07
Provincial Gov't. Bonds				
New Brunswick:				
3	Oct. '51	87	89	4.26
3½	Aug. '49	91	92	4.40
3½	June '56	90½	92½	4.16
c4	Nov. '47	97	98½	4.25
c4½	Apr. '61	98	99½	4.54
c5	Jan. '60	103	105	4.60
Nova Scotia:				
3	Jan. '52	93½	94½	3.61
3½	June '56	93½	94½	3.72
3½	Nov. '50	97¾	98¾	3.65
c4½	Sept. '52	106	107	b3.31
c4½	Nov. '60	108	110	3.79
c5	Mar. '60	114	*116	3.83
Ontario:				
2½	May '45	100	101	2.25
3	Apr. '48	99	100	3.00
3	Nov. '50	98½	99½	3.06
3½	Nov. '51	100	101	b3.12
3½	May '55	99¾	100¾	b3.17
*4	June '62	106½	108½	3.44
4½	June '50	109½	110½	3.18
*4½	Jan. '62	112½	114½	3.52
5	Oct. '48	111½	112½	3.15
*5	Dec. '60	119½	121½	3.50
5½	July '46	111¾	112¾	2.90
Ont. Hydro Commission:				
3	Aug. '48	99	100	3.00
3½	Feb. '53	100	101	b3.12
3½	Apr. '47	102	103	2.95
Prince Edward Island:				
3	Oct. '45	95	97	3.69
Quebec:				
3	Nov. '47	94¾	95¾	3.72
3½	Mar. '48	95½	96½	3.82
3½	Mar. '59	91½	93½	4.01

%	Due	Bid	Ask.	Approx. Yld.
3½	Feb. '55	96	97	4.03
4	Nov. '52	99½	100½	b3.97
4½	Aug. '58	101	103	4.01
4½	Jan. '63	104	106	4.09
Alberta:				
4	Dec. '54	53	57	d
4½	Oct. '51	65½	69½	d
c4½	Oct. '56	55	59	d
*5	Oct. '59	57½	61½	d
c5½	Apr. '52	62	66	d
6	Mar. '47	65½	69½	d
British Columbia:				
c4	Dec. '57	96	101	3.92
*4½	Jan. '51	99	103	4.13
c4½	Oct. '53	99	103	4.20
c5	Apr. '54	102½	106½	4.35
5½	Feb. '45	101	105	4.13
6	Feb. '47	104	108	4.46
Manitoba:				
c4	Dec. '57	88	92	4.89
c4½	Dec. '56	90	94	5.05
*5	Dec. '59	94	98	5.16
5½	Oct. '55	94½	98½	5.05
6	Apr. '47	98	102	5.09
Saskatchewan:				
4	Sept. '54	67½	71½	7.28
4	Nov. '60	66	70	6.75
c4½	Oct. '51	79½	84½	6.50
c4½	Mar. '60	72	77	6.85
5	Aug. '58	75	80	7.00
5½	Oct. '52	80	85	7.40
6	Mar. '52	84	89	7.48

*—Payable Can., N.Y. and £. b—Calculated to call date giving lowest possible yield. c—Payable Can. & N.Y. a—Payable N.Y. †—Callable on or after Sept. 15, 1966. d—Traded flat. Interest being paid at 50% of coupon rate, minimum rate 2%. e—Callable at a premium. ‡—N.Y. funds.

Unlisted Stocks

(Furnished by A J Pattison, Jr. & Co., Toronto)

Mar. 4, 1941

Industrials:	Bid	Ask.
Acme Farm. D.	30	35
Andian National	27	28
Anglo C. Tel., A	8	8½
Atlas Steel	21	25
Barrymore, pfd.	28	..
Blue T. Brew. A	8½	10
B. C. Pulp, c.	13½	15
Do., pfd.	62	68
B. C. Sugar	73	75
B. C. Tel., 1st p.	112	117
Burns & Co., A	4	5
Do., B	3	3½
Can. Col. Air.	3½	4
Can. Co-op. Wl.	8	..
C. I. L., A c.	191	201
Do., "B"	184	190
Can. Ing. Rand	77	82½
Can. Mot. L.A.B.	2½	..
Can. Tube, 1st p	90	..
Can. West'ghouse	42	46
Chase, A. W., p.	18	20
Claude Neon, p.	5	6
Colonial Steam.	11	13½
Dom. Manuf., p.	61	66
Dunlop T. p $25	23½	24½
Easy Wash. p $10	9½	11½
Goderich Elev.	6½	8
Guard. Realty, p	16	18
Guelph Carp., c.	20	23½
Gurney Fdry., p	1	1½
Hayes Steel, c.	9	10
Hi'land Dairy, p	49	56
Homewood San.	100	120
Ingram & Bell	26	31
Kingst. Ship. un	25	30
Loblaw Inc., c.	12	13
M'row Screw, p.	99	..
Do., com.	10	11½
Morrison Br. un.	4	6½
N. B. Tel., c.	10	12½
Neilson, Wm., c.	9½	..
Do., pfd.	100	..
N. Meth. Ldy. p	52	56
Niag. L. A. Br.	..	41
Ont. Tobacco, p.	17	20
Pac. C. Term., c.	9	10½
Paterson, Wm. p	103	..
Prov. Paper, pfd	105½	107
Ruddy, E. L., p.	21	25
Stand. Fuel, p.	59	62
Stedman, pf. $50	55	58
Tor. Carpet, c.	39	..
Do., pfd.	64	68
Un. F. Co-op.	2½	3½
Un. Steel, A pf.	22	23½
Viceroy Mfg., p.	24½	25½
Do., com.	11½	15½
Westons Hold.	2½	..
Trusts & Loan Stocks:		
Brit. Mtge.	125	133
Brockville Tr.	40	..
Capital Tr.	28½	33
Com. Fin., c.	2½	3
Grey & B. Tr. $50	42½	46
Guaranty Trust.	102	105
Guelph & O. $50	51	54
Indust. Mtge.	26	..
Lambton Loan	30	34
London & West.	30	34
Premier Trust	57	62
Sherbrooke Tr.	120	..
Sterling Trust	57	..
Traders Fnl. A c	8	10
Do., A pfd.	86	89
Trusts & Gr. new	50	52½
Victoria Trust	72	80
Waterloo Tr.	100	..
Insurance Stocks:		
Canada Life	410	..
Brit. Amer.	50	55
Canadian Fire	79	85
Confed. 30% pd.	135	140
Continental L.	35	..
Crown, fully pd.	255	265
Dominion Fire	139	..
D. of Can. Gen.	115	125
Empire, 25% pd.	5½	6½
Excelsior 38% pd.	70	..
Federal, 25% pd	51	55
Great-West Life	201	220
Halifax Fire	16	17½
Imperial Life	292	300
Manufac. Life	232½	242½
Monarch Life	22½	..
Sov. L. 25% pd.	11½	12½
Sun Life	295	315
Tor. General	5½	5½
Wellington Fire.	58	..
Western Assce.	41	44
Theatre Stocks:		
Allen's King., p.	57	62
Do., London p	30	34
Do. St. Cath. p	50	53
Loew's Tor., p.	97½	..
Mansf. Theat. p.	27	30
Para. Kitch., p.	50	58
Do., Oshawa, c	7½	10½
Investment Trust Shares:		
Can. Investors	5	6
Deb. & Sec., pf.	60	..
Inv. Found. un.	43	..
Sec's. Hold., pf.	18	20½
United Corp., A	19	21
Do., B	4½	5½
Power Issues:		
Can. W. N. Gas	25½	..
Do., pfd.	102	104
Gt. Lakes Pr., p.	101½	103
Int. Ut., $1.75 p.	14	..
Do., $3.50 p.	35	..
Mtl. Is. Pwr., p.	20	..
Nor. Ont. Pr., p.	72	78

Unlisted Mines

Toronto, March 4, 1941

	Bid	Ask
Acordia	.24	.27
Addington	¼	.01½
Albany River (Old)	.04	.06
(New)	.12	.15
Amal Kirk	.06	.09
Arno	[illegible]	[illegible]
Athona (Old)	.01½	.02½
(New)	.03	.03½
Barb Lard	.02	.02½
Bilmac	.02	.03
Bonetal	.48	.51
Brock	.32	.34
Buf Bear	—	.04
Calder Bo	.01½	.02½
Central M	.02½	.03
Cheminis	.03	.03½
Coin Lake	.03	.03½
Cons Chib	.04½	.05½
Crescent	½	.01
Dayton	.01	.02
Demp Cad	.01	.01½
Desants n	.23	.25
Dona Pat	.01½	.01½
E. Lacoma	¾	.01½
Elmos	.07	.09
Franco	—	.25
Galore	.02	.03
Gan Cop	.07	.09
Hutch Lke	.01	.01½
Jasper	.16	.18
Keora	.01½	.02½
Kenricia	.01½	.02½
Kewagama	.01	.02
Kiena	.03	.04
Kirk Kate	.01	.02
Lacoma	¾	.01½
LaGuerre	.17	.20
Lake Duf	.16	.18
Lake Gen	.02½	.03½
Lardego	¾	.01½
Lw Pete	.15	.18
Magnet C	.83	.87
Magnet L	.17	.20
Magwell	.01½	.02½
Manik'u	1.75	2.25
Martin Br	.03	.03½
Margaret	.09	.11
Mata Can	.03½	.04½
Mata Con	.15	.18
McMar'ac	.39	.41
Mof Hal n	.02½	.03½
Monarch	.01	.02
Pontiac R (Old)	.03	—
Phoenix	.01	.02
Polaris	.09	.11
Propri'y	2.65	2.85
Presdor	.04	.04½
Queb Mn	.05	.06½
Rahn Lke	.01	.01½

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

March 4, 1941

Public Utility Issues:	Int. Rate %	Due	Bid Mar. 4	Asked	Bid Feb. 25
▲‡Alg. C. H.B.R.	5	'59	7	10	7
†Assoc. Tel & T.	5½	'55	72	75	73
B. C. Power	4½	'60	98	101	98½
B. C. Tel.	4½	'61	107	110	107
†Calgary Pwr.	5	'60	107	...	107
Do.	5	'64	103	...	102½
†Can. Nor. Pwr.	5	'53	103	106	102½
*Dom. Gas & El.	6½	'45	102	105	103
Gatineau Pwr.	5	'49	101½	104½	102
*Do., A	3½	'69	97½	100½	97½
♦Do., B	3½	'69	97½	100½	97½
Gt. Lakes Pwr.	4½	'56	99	102	98
Do.	5	'57	94	97	94
*Int. Hydro-E.	6	'44	55½	58½	55
▲Inter. Power	6	'35	101	...	101
L. St. Law Pwr.	5	'55	98	101	98
Macl'n-Que. Pr.	4	'59	97	100	97½
Mtl. L. H. & P.	3½	'56	100½	103½	100
Do.	3½	'73	97½	100½	97
Do.	3½	'63	98	101	98
†Mtl. Tramways	5	'41	93	96	93
†Do.	5	'55	65	68	65
Nat. Lt. & Pwr.	6	'49	100	103	100
N. S. Lt. Pr.	4	'57	100½	103½	100½
Ottawa L.H.&P.	4	'57	101	104	101
Ottawa V. Pwr.	5	'59	102	105	102
†Power Corp.	4½	'59	96½	99½	96½
Quebec Pwr.	4	'62	100½	103½	100½
*Saguenay P., A	4½	'66	110½	113½	110½
♦Do., B	4½	'66	107	110	106½
St. Maurice Pr.	4½	'70	100½	103½	100½
Shaw. W. & Pr.	4	'61	100½	103½	100½
Do.	3½	'46	100½	103½	100½
Do.	4	'69	100	103	100
Union Gas	4½	'50	102½	105½	102
*Twin C. R. Tr.	5½	'52	65	68	65
†United Secs.	5½	'32	38½	61½	57½
‡Wpg. El., ser. A	5	'65	67	70	67
Do., B	5	'65	47	50	44½
Industrial and Realty Issues:					
†Abitibi P. & P.	5	'53	64½	67½	63
Do., C.O.D.	5	'53	59	62	57½
Acadia Sugar	4½	'35	101½	...	101½
Do.	6	'34	97	100	97
†Alta. Pa. Grain.	6	'46	97½	100½	98
Algoma Steel	5	'48	102	...	102
Atlantic Sugar	4	'51	100	...	100
†B. C. P. & Pap.	6	'50	84½	88½	84
†‡Do.	7	'50	102½	105½	102½

Supplementary Stock Quotations

(Furnished by Plaxton, Cherry & Co., Toronto)

March 4, 1941

Miscellaneous:	Bid	Asked	Bid Feb. 25
Dover Ind.	27.00	30.00	25.00
East. Bak., pref.	20.00	20.75	20.00
East. Steel Prods., p.	6.00	7.00	6.00
Hart Battery, com.	8.50	9.25	8.25
Imperial Varnish, c.	80.00	87.00	80.00
Ind. Accept., pref.	24.00	30.00	23.00
Inter. Equities Un.	41.00	43.00	42.00
Inv. Found. Units	2.25	3.00	2.25
†Loew's London, pf.	4.00	5.50	4.00
Mersey Paper, com.	14.00	15.25	14.00
Mid. Loan & Sav.	19.75	22.00	19.50
*Moirs 6% pref.	1.65	2.50	1.00
Mont. Aircraft, c.	2.25	3.00	2.50
Mt. Royal New, c.	3.25	4.00	3.50
*Mt. Royal Old, pf.	99.75	100.50	90.00
Murphy Paint Un.	.80	1.00	.80
Nat. Hosiery, com.	64.50	...	65.00
†N. Amer. Elev., pf.	60.00	64.00	61.00
Premier Trust	102.00	105.00	101.00
Provincial Bank	4.50	6.00	4.00
Reanite Corpn.	13.00	14.50	13.00
Traders Fin. Rts.	25.00	26.00	25.25
Trusts & Guar. Old	1.00	1.50	1.00
Waterloo Mfg. New	11.50	12.50	11.50
West Can. Hydro, p.	9.00	11.00	8.50
West. Life 10% pd.			

*Issue carries arrears.
†Currently paying on arrears.

Municipal Bonds

Mar. 4, 1941

†Halifax	5	1961	111.00	114.00	3.99
Hamilton	5	1950	109.75	111.75	3.50
Montreal	5	1945	96.00	97.00	5.85
Ottawa	4½	1945	104.50	106.50	2.90
†Quebec	5	1959	106.50	108.00	4.38
Saint John	5	1950	101.00	103.00	4.62
†Toronto	4½	1955	110.20	112.20	3.60
†Vancouver	5	1950	98.00	101.00	4.86
Winnipeg	5	1944	101.00	104.00	3.61

†Payable Can. and N.Y.

Investment Trusts

	Bid	Asked
Can. Amer. Trust	2.70	3.10
Can. Invest. Fund	3.15	3.50
Grouped Income	...	4.85
Trans-Canada	9.75	10.60

Corporation Bonds (Cont'd)

Mercury Mills	5	'39	92½	96½	92½
Mersey Paper	5	'37	97½	100½	97
†Do.	6	'49	100	103	100
*M. & O. Paper	6	'45	50½	53½	48½
Moirs Ltd.	6	'33	83	...	82
‡Mtl. Drydocks	6	'48	35	39	36
Montreal Apts.	4	'34	59½	62½	59
Nat. Grocers	4	'47	101	104	101
N. S. Stl. Coal	3½	'63	84½	87½	84½
Price Bros.	5	'57	94½	97½	94
Do.	4	'37	80	83	80
*Prov. Paper	5½	'47	105	...	105
Reliance Grain.	4½	'52	94½	...	94½
†Restigouche Co.	6	'48	98½	101½	98½
Rolland Paper	4½	'31	102½	105½	102½
Ruddy, E. L.	6½	'48	101	104	101
Silv. Dairies	6	'66	...	95	92½
Simpsons Ltd.	4½	'31	99	102	99
Smith, Howard.	4½	'31	103	106	103
Stand. Lime	6	'44	96½	...	[illegible]
Sterling Coal	6	'45	96½	...	[illegible]
Stop & Shop	3	'47	60½	64½	[illegible]
United Corp.	5	'33	90	93	[illegible]
*United Gas	5½	'48	104	107	[illegible]
United Gr. Grs.	5	'48	96	99	[illegible]
†Western Grain	6	'49	46½	50½	[illegible]

†Payable in Can. or U. S.
*Payable in Can., U. S. or U. K.
†Payable in U. S. only.
*Payable in Canada only.
♦Payable without accrued interest.
‡Traded without accrued interest.
▲Payable in Can. or U. K.

Annual Meetings

1941	Company	Place
Mar. 8	Jason Mines	Toronto
Mar. 11	Goulds Pumps	Seneca Falls, N.Y.
Mar. 12	Melchers Distillers	Montreal
Mar. 13	Tooke Bros.	Montreal
Mar. 14	Canada Malting	Montreal
Mar. 14	Halcrow Swayze Mines	Toronto
Mar. 14	McColl-Front. Oil	Montreal
Mar. 18	Gypsum, Lime & A.	Paris, Ont.
Mar. 18	Sherritt Gordon Mines	Toronto
Mar. 19	Fraser Cos.*	Edmundston, N.B.
Mar. 20	Candn. Eagle Oil	Toronto
Mar. 21	Hand-in-Hand Ins.	Toronto
Mar. 21	Mercantile Insurance	Toronto
Mar. 21	Queen City Fire Ins.	Toronto
Mar. 22	Macassa Mines	Toronto
Mar. 22	Pressed Metals of Am.	Port Huron, Mich.
Mar. 24	Bathurst Pwr. & Pap.	Montreal
Mar. 25	Que. Rly., Lt. & Pr.	Quebec
Mar. 25	Temiscouata Rly.	Riviere du Loup, P.Q.
Mar. 26	Can. North-West Land	Toronto
Mar. 26	Dominion Stores	Toronto
Mar. 27	Ott. Lt., H. & Pwr.	Ottawa
Mar. 31	Algo. Cent. & Hud. Bay Rly.	Sault Ste. Marie
Mar. 31	Candn. Gen. Invests.	Toronto

*Annual and special.

Mining Dividends

	Rate	Close Mar. 3	Yield %
Anglo-Huronian	‡10c	2.25	..
Aunor Gold	†4c	1.70	..
Beattie Gold	16c+2c	1.10	*16.3
Bralorne	80c+40c	9.65	*12.4
Broulan Porc.	‡6c	.80	..
Buffalo Ankerite	‡31c	3.55	..
Bulolo Gold	$3	16.00	18.7
Can. Malartic	8c	.49	..
Cariboo Gold	16c+8c	2.70	*8.8
Central Patricia	16c+4c	1.75	*11.3
Chesterville	†5c	1.29	..
Cochenour Willans	†3c	.70	..
Coniagas	‡25c	1.50	..
Coniaurum	16c+2c	1.30	*13.8
Cons. Smelters	$1+$1.25	35.50	*6.3
Delnite	‡6c	1.05	5.7
Dome Mines	$2	22.00	9.1
East Malartic	†30c	2.50	12
Falconbridge	5c	2.25	..
Francoeur Gold	†3c	.36	..
God's Lake	‡2½cc	.29½	..
Goldale	‡2c	.12	..
Gold Belt	‡4c	.28	..
Grandview	†.00½	.13¼	..
Gunnar Gold	‡6c	.26	..
Hallnor	60c	5.00	12
Hard Rock	‡10c	.78	..
Hedley Mascot	‡8c	.50	..
Hollinger	65c+45c	12.87	*8.7
Howey Gold	‡5c	.27	..
Hudson Bay	‡$2	24.75	8.2
Inter. Nickel, com.	$2	31.50	6.3
Island Mountain	‡15c	.85	..
Kerr Addison	‡15c	3.35	..
Kerr Lake	‡10c	.20	..
Kirkland Lake	10c+2c	.89	*13.5
Kootenay Belle	‡12c	.20	..
Lamaque Gold	‡40c+10c	4.65	*10.7
Lake Shore	$2	18.50	10.8
Leitch	8c	.50	16
Little Long Lac	30c	1.71	17.5
Macassa	32c+3c	3.65	*9.6
Madsen R. Lake	6c	.57	..
McGillivray Coal	3c+1c	.20	..
McKenzie Red L.	♦12c	1.10	10.9
McWatters	10c	.23½	..
Moneta	12c	.48	..
McIntyre Porc.	$2.22+$1.11	47.50	*7
MacLeod-Cockshutt	‡20c	1.85	10.8
Naybob Gold	4c	.25	..
Nipissing	15c	1.10	..
Noranda	4	50.50	8
North Empire	‡50c	5.00	..
O'Brien Gold	‡10c	.72	..
Pamour Porc.	12c	1.10	10.9
Pato Cons.	20c	2.50	..
Paymaster	‡1c	.22	..
Perron Gold	16c+4c	1.30	15.4
Pioneer, B.C.	40c	2.05	19.5
Pickle Crow	40c	2.75	14.5
Placer Develop.	$1.20	9.50	12.6
Premier	12c	.88	..
Preston E. Dome	20c+5c	2.84	*8.8
Privateer Mine	‡16c+2c	.49½	..
Powell Rouyn	‡10c	.80	..
Quebec Gold	‡2c	.20	..
Relief Arlington	‡5c	.02⅝	..
San Antonio	14c+6c	2.20	*9.1
Sheep Creek	16c+3c	.84	..
Sherritt Gordon	‡10c	.67	..
Sigma Mines	‡45c	7.25	..
Silbak Premier	16c	.70	22.8
Siscoe	‡11½c	.54	..
Sturgeon River	‡2c	.18	..
Sudbury Basin	‡2½c	1.25	..
Sullivan Cons.	‡9c	.57	..
Surf Inlet	‡1½c	.11½	..
Sylvanite Gold	20c+10c	2.60	*11.5
Teck-Hughes	‡40c+5c	3.15	*14.3
Toburn	8c+12c	1.52	13.1
Upper Canada	‡6c	1.47	..
Ventures	15c	3.35	..
Waite Amulet	‡10c	3.55	..
Wendigo	†3c	.21	..
Wright-Harg.	‡40c+30c	6.00	*11.7
Ymir Yankee	2c	.08	..

*Yield including bonus. †Initial.
‡Paid in 1940.
♦Plus 1 sh. McMarmac Red Lake Gold Mines for each 5 shs. McKenzie held.

Dividends Declared

	This payment	Date payable	Date of record
Agnew Surpass, c p	$1.75	Apr. 1	Mar. 15
Aunor Gold	•4c	Mar. 29	Mar. 15
Asbestos Corp.	15c	Mar. 31	Mar. 15
Do., extra	15c	Mar. 31	Mar. 15
Assoc. Brew.	25c	Mar. 31	Mar. 15
Do., pref.	$1.75	Apr. 1	Mar. 15
Bell Telephone	$2	Apr. 15	Mar. 22
Brit. Amer. Assur.	$1.50	Apr. 1	Mar. 27
B. C. Power "A"	50c	Apr. 15	Mar. 31
Brazilian Tr., pf.	$1.50	Apr. 1	Mar. 15
Bright, T. G.	7½c	Mar. 15	Feb. 28
Do., pref.	$1.50	Mar. 15	Feb. 28
Burlington Stl.	15c	Apr. 1	Mar. 15
Bk. of Nova Scotia	$3	Apr. 1	Mar. 15
Belding-Cort.	$1	Apr. 1	Mar. 15
Do., pref.	$1.75	Apr. 1	Mar. 15
Beattie Gold	4c	Mar. 15	Mar. 1
Cal. & Edm.	5c	Apr. 7	Mar. 7
Can. F. & Forg. A	‡37½c	Mar. 15	Mar. 1
Can. Cr. Stone	▪10c	Mar. 31	Mar. 15
Can. Cel., Inc Fd. rts.	$1	Mar. 15	Dec. 31
Can. Breweries, pf.	75c	Apr. 1	Mar. 15
Can. Celanese	25c	Mar. 31	Mar. 14
Do., pref.	$1.75	Mar. 31	Mar. 14
Do., participating	60c	Mar. 31	Mar. 14
Cent. Can. Loan	$2	Apr. 1	Mar. 18
Can. Canners	12½c	Apr. 1	Mar. 15
Do., 1st pref.	25c	Apr. 1	Mar. 15
Do., participating	5c	Apr. 1	Mar. 15
Do., 2nd pref.	15c	Apr. 1	Mar. 15
Do., participating	5c	Apr. 1	Mar. 15
Candn. Indust., pf.	$1.75	Apr. 30	Mar. 31
Do., com.	$1.75	Apr. 30	Mar. 31
Can. Malartic	▪2c	Mar. 26	Mar. 8
Can. Car, pref.	▪44c	Apr. 10	Mar. 21
Chartered Trust	$1	Apr. 1	Mar. 15
Canada Cement pf.	$1.25	Mar. 20	Feb. 28
Coniaurum Mines	▪4c	Mar. 20	Mar. 8
Canada Dry	†15c	Mar. 24	Mar. 10
Can. W. & Cable A	$1	Mar. 15	Feb. 28
Do., B com.	50c	Mar. 15	Feb. 28
Do., pref	$1.62½	Mar. 15	Feb. 28
Can. Gen. Elec.	$2	Apr. 1	Mar. 15
Can. Min. Eq., p. c.	▪10c	Mar. 15	Feb. 4
Do., extra	▪5c	Mar. 15	Feb. 4
Can. Cottons	$1	Apr. 1	Mar. 15
Do., extra	$2	Apr. 1	Mar. 15
Do., pref.	$1.50	Apr. 1	Mar. 15
Can. Nor. Pwr.	▪25c	Apr. 25	Mar. 31
Do., pref.	▪$1.75	Apr. 15	Mar. 31
Carnation Co. 1st p	†$1.25	Apr. 1	Mar. 19
Can. For. Invest., p.	$2	Apr. 1	Mar. 15
Can. Perm. Mtge.	$2	Apr. 1	Mar. 15
Can. Converters	50c	Apr. 30	Apr. 10
Cent. Patricia	4c	Mar. 31	Mar. 15
Do., extra	2c	Mar. 31	Mar. 15
Cariboo Gold	4c	Apr. 1	Mar. 3
Do., extra	2c	Apr. 1	Mar. 3
Canada Malting	50c	Mar. 15	Feb. 28
Canada Packers	75c	Apr. 1	Mar. 15
Do., extra	50c	Apr. 1	Mar. 15
Canadian Oil, pfd.	$2	Apr. 1	Mar. 20
Can. West'ghouse	▪50c	Apr. 1	Mar. 17
Can. Wire Box, A	37½c	Apr. 1	Mar. 15
David & Frere, A	25c	Mar. 31	Mar. 15
Dom Tar, pref.	$1.37½	May 1	Apr. 15
Distil.-Seag., c.	°55½c	Mar. 15	Mar. 3
Dom. Glass	▪$1.25	Apr. 1	Mar. 15
Do., pref.	▪$1.75	Apr. 1	Mar. 15
Dom. Text., p.	$1.75	Apr. 15	Mar. 31
Do., com.	$1.25	Apr. 1	Mar. 15
Electrolux	†20c	Mar. 15	Feb. 15
East Malartic	10c	Mar. 25	Mar. 1
Easy Washing, pf.	17½c	Apr. 1	Mar. 15
Economic Invest.	$1.37½	Apr. 1	Mar. 20
Eng. Electric, A	62½c	Mar. 15	Mar. 5
Falconbridge N.	5c	Apr. 4	Mar. 6
Famous Players	25c	Mar. 29	Mar. 15
Foundation Co.	25c	Apr. 18	Mar. 31
Ford Motor	25c	Mar. 15	Feb. 22
Gatineau Power	20c	Mar. 31	Mar. 3
Do., 5½% pref.	$1.37	Apr. 1	Mar. 3
Do., 5% pref.	$1.25	Apr. 1	Mar. 3
Goodyear Tire	62c	Apr. 1	Mar. 15
Do., extra	$1.50	Apr. 1	Mar. 15
Do., pref.	62½c	Apr. 1	Mar. 15
Greening Wire	15c	Apr. 1	Mar. 15
Gt. Lakes P., A B p	▪25c	Apr. 1	Mar. 20
Gt. Lakes Pwr., pf.	$1.75	Apr. 15	Mar. 31
Grandview Mines†	¼c	Mar. 20	Mar. 10
Grey & B. Trust	1%	Mar. 20	Mar. 10
Do., extra	¼%	Mar. 20	Mar. 10
Ham. Un. Theat., p.	$1.25	Mar. 31	Mar. 15
Honey Dew	50c	Apr. 1	Mar. 15
Ham. Cottons, pfd.	50c	Apr. 1	Mar. 15
Do., arrears	25c	Apr. 1	Mar. 15
Hinde & Dauch	12½c	Apr. 1	Mar. 15
Hollinger Cons.	5c	Mar. 25	Mar. 11
Howe Sound	†75c	Mar. 31	Mar. 21
Huron & E. Mtge.	1%	Apr. 1	Mar. 15
Inter. Nickel, pf.	†$1.75	May 1	Apr. 1
Do., c.	†50c	Mar. 31	Mar. 1
Imp. Tobacco	10c	Mar. 31	Mar. 7
Do., extra	22¼c	Mar. 31	Mar. 7
Do., pref.	3%	Mar. 31	Mar. 7
Jam. Pub. Serv.	17c	Apr. 1	Mar. 14
Do., pref.	$1.75	Apr. 1	Mar. 14
Kelvinator of Can.	▪25c	Mar. 10	Feb. 24
Kirkland Lake	5c	May 1	Mar. 31
Do., extra	1c	May 1	Mar. 31
Lamaque Gold	10c	Apr. 1	Mar. 7

DIVIDEND NOTICES

The Borden Company

ANNUAL MEETING

The annual meeting of stockholders will be held on Wednesday, April 16, 1941, at ten o'clock A.M., at our registered office, 15 Exchange Place, Jersey City, N. J.

Only stockholders of record at the close of business on Wednesday, March 19, 1941, will be entitled to vote at said meeting, notwithstanding any subsequent transfers of stock.

The stock transfer books will not be closed.

The Borden Company
WALTER H. REBMAN, *Secretary*

DIVIDEND

CHARTERED TRUST AND EXECUTOR COMPANY

NOTICE is hereby given that a dividend of 1% has been declared on the paid-up Capital Stock of Chartered Trust and Executor Company for the quarter ending March 31st, 1941, payable April 1st, 1941, to shareholders of record at the close of business March 15th, 1941.

By order of the Board,
E. W. McNEILL,
Secretary.

Dated at Toronto,
January 23rd, 1941.

Gatineau Power Company

Notice of Dividend on 5% Cumulative Preferred, 5½% Cumulative Preferred and Common Shares

Montreal, Canada,
February 20, 1941.

The Board of Directors has declared a quarterly dividend of $1.25 a share on the 5% Cumulative Preferred shares and $1.37 a share on the 5½% Cumulative Preferred shares of the Company payable April 1, 1941, to shareholders of said classes of record at the close of business on March 3, 1941; also a quarterly dividend of Twenty cents ($.20) a share on the Common shares of this Company outstanding at the close of business on March 3, 1941, payable on March 31, 1941, to shareholders of said class of record at the close of business on March 3, 1941.

Cheques will be mailed. Stock transfer books will not close.

J. R. BINKS,
Secretary.

THE Calgary & Edmonton Corporation Limited

Notice is hereby given that a dividend of five cents per share was declared 24th February, 1941, payable 7th April, 1941, to shareholders of record at the close of business on the 7th day of March, 1941.

*Payment of the said dividend has been approved by the Foreign Exchange Control Board.

The Transfer Books of the Corporation will be closed from the close of business on the 7th day of March, 1941, to the opening of business on the 17th day of March, 1941.

BY ORDER OF THE BOARD,
C. E. REECE,
SECRETARY.

Dated at Winnipeg, this 24th day of February, 1941.

Dividends Declared (Cont'd)

	This payment	Date payable	Date of record
Lake Shore M.	▪50c	Mar. 15	Mar. 1
Langleys, pfd.	▴▪50c	Mar. 12	Mar. 3
Landed Bank.	$1	Apr. 1	Mar. 15
Louisiana Land	†10c	Mar. 15	Mar. 1
Lang, J. A.	17½c	Apr. 1	Mar. 15
Do., special	12½c	Apr. 1	Mar. 15
Macassa Mines	8c	Mar. 15	Feb. 28
Melchers Dist., pf.	*30c	Apr. 15	Apr. 5
Marcus Loew's, p.	$1.75	Mar. 31	Mar. 15
Do., arrears	$1.75	Mar. 31	Mar. 15
Montreal C'tons, p.	$1.75	Mar. 15	Feb. 28
Do., com.	$1	Mar. 15	Feb. 28
Mtl. C. & D. Bank	$3	Apr. 1	Mar. 15
McKenzie Red L.	3c	Mar. 15	Mar. 1
MacKinnon Stl., pf.	$1.25	Mar. 15	Feb. 28
Monarch Knit., pf.	$7	Mar. 21	Feb. 27
Montreal Loan	31¼c	Mar. 15	Feb. 28
Mitchell, J. S., p.	$1.75	Apr. 1	Mar. 14
Mod. Containers	20c	Apr. 1	Mar. 20
Do., extra	10c	Apr. 1	Mar. 20
Do., pref.	$1.37½	Apr. 1	Mar. 20
Nat. Biscuit, com.	†40c	Apr. 15	Mar. 14
Nat. Breweries	50c	Apr. 1	Mar. 15
Do., pref.	44c	Apr. 1	Mar. 15
Nat. Grocers, pfd.	37½c	Apr. 1	Mar. 15
Noranda Mines	$1	Mar. 15	Feb. 20
Naybob Gold	1c	Apr. 15	Apr. 1
N. S. Light & Pr., c	$1.50	Apr. 1	Mar. 15
Nat. Steel Car	50c	Apr. 15	Mar. 31
North Star Oil, p.	8¾c	Apr. 1	Mar. 12
Ont. Loan & Deb.	$1.25	Apr. 1	Mar. 15
Ottawa L. H. Pwr.	15c	Apr. 1	Mar. 5
Do., pref.	$1.25	Apr. 1	Mar. 5
Page Hersey	$1.25	Apr. 1	Mar. 15
Pioneer Gold	10c	Apr. 1	Feb. 28
Pickle Crow G.	10c	Mar. 31	Mar. 15
Paton Mfg., pfd.	$1.75	Mar. 15	Feb. 28
Do., com.	50c	Mar. 15	Feb. 28
Perron Gold	4c	Mar. 21	Mar. 1
Do., extra	1c	Mar. 21	Mar. 1
Preston E. Dome	5c	Apr. 15	Mar. 31
Do., extra	5c	Apr. 15	Mar. 31
Para. Pictures	†20c	Apr. 1	Mar. 14
Do., 1st pfd.	†$1.50	Apr. 1	Mar. 11
Do., 2nd pref.	†15c	Apr. 1	Mar. 11
Porto Rico Pr., p.	$1.75	Apr. 1	Mar. 15
Power Corp., pfd.	▪$1.50	Apr. 15	Mar. 31
Do., 2nd pref.	▪75c	Apr. 15	Mar. 31
Reliance Grain, p.	$1.62½	Mar. 15	Feb. 28
Remington Rand	†20c	Apr. 1	Mar. 14
Do., stk. div.	10%	May 1	Mar. 14
Do., pref.	†$1.12½	Apr. 1	Mar. 14
Regent Knit	25c	Mar. 15	Mar. 1
Do., pref.	§40c	June 1	May 15
Riverside Silk A	50c	Apr. 1	Feb. 15
St. Law. Corp., A p	25c	Apr. 15	Mar. 31
St. Law. Pap., pref.	50c	Apr. 15	Mar. 31
Sheep Creek M.	4c	Apr. 15	Mar. 30
Silverw'd Dairies, p	20c	Apr. 1	Feb. 28
Smith H., Paper pf.	$1.50	Apr. 15	Mar. 31
Simon & Sons	15c	Mar. 29	Mar. 14
Do., pref.	$1.75	Mar. 29	Mar. 14
San Antonio	7c	Apr. 21	Apr. 5
Do., extra	3c	Apr. 21	Apr. 5
Stedman, p.	75c	Apr. 1	Mar. 20
Do., com.	15c	Apr. 1	Mar. 20
Do., extra	60c	Apr. 1	Mar. 20
Siscoe Gold	2½c	Mar. 15	Feb. 15
Sullivan Cons.	3c	Mar. 15	Feb. 15
Sylvanite Gold	▪7c	Mar. 31	Feb. 10
Sunset Oils	2c	Mar. 15	Mar. 5
Sher.-Williams, p.	$1.75	Apr. 1	Mar. 15
Do., arrears	$1.75	Apr. 1	Mar. 15
Saguenay Pr., p.	$1.37½	May 1	Apr. 15
South. Can. Pr.	20c	May 15	Apr. 30
Do., pref.	$1.50	Apr. 15	Mar. 20
Teck Hughes	▪10c	Apr. 1	Mar. 7
Toronto Elevators, p	65c	Mar. 7	Feb. 26
Tuckett Tobacco, p	$1.75	Apr. 15	Mar. 31
Third Can. Gen. In. Tr., A	▪12½c	Apr. 1	Feb. 28
Do., extra	▪2½c	Apr. 1	Feb. 28
Tor. Gen. Trusts	$1	Apr. 1	Mar. 15
Union Gas	20c	Mar. 15	Feb. 20
United Fuel, A, p.	75c	Apr. 1	Mar. 20
Western Assur., c.	$1.20	Apr. 1	Mar. 27
Weston, Geo., c.	20c	Apr. 1	Mar. 12
Willson Stat., pfd.	$1.25	Apr. 15	Mar. 31
Walker-Good.	$1	Mar. 15	Feb. 14
Do., pref.	25c	Mar. 15	Feb. 14
Wilsil	25c	Apr. 1	Mar. 15
Wr. Hargreaves	10c	Apr. 1	Feb. 28
Do., extra	5c	Apr. 1	Feb. 28
Ymir Yankee Girl	2c	Mar. 31	Mar. 15
Young-Davidson	2½c	Mar. 15	Mar. 6

†Payable in U. S. funds.
*Arrears eliminated after giving effect to this payment.
▪Subject to approval of Foreign Exchange Control Board.
‡Also 37½c declared payable quarterly June 16, Sept. 15 and Dec. 15, 1941.
•Initial.
°U. S. shareholders to receive 47½c U. S. funds, equivalent to 50c less 5% non-residence tax, deductible at source.
▴Also 50c declared payable June 12, Sept. 12 and Dec. 12.
§40c also payable Sept. 1 and Dec. 1.

Can. Gen. Investments
Traders Finance pfd. and com.
Bought and Sold
A. J. Pattison, Jr. & Co.
Royal Bank Bldg., Toronto
EL. 5101

DIVIDEND NOTICES

SOUTHERN CANADA POWER COMPANY, LIMITED

The Board of Directors has declared this day the following dividends:

6% Cumulative Participating Preferred Stock

No. 85, quarterly, $1.50 per share, payable April 15th, 1941, to holders of record at the close of business March 20th, 1941.

No Par Value Common Stock

No. 64, quarterly, 20c. per share, payable May 15th, 1941, to holders of record at the close of business April 30th, 1941.

L. C. HASKELL, F.C.I.S.,
Secretary

Montreal, February 28th, 1941.

CANADA PERMANENT MORTGAGE CORPORATION

Notice is hereby given that a Dividend of TWO PER CENT on the paid-up Capital Stock of the Corporation has been declared for the current quarter, and that the same will be payable

TUESDAY, THE FIRST DAY OF APRIL

next, to Shareholders of record at the close of business on the Fifteenth day of March, 1941.

By order of the Board.
WALTER F. WATKINS,
Secretary.

Toronto, 19th February, 1941.

THE FOUNDATION COMPANY OF CANADA LIMITED

DIVIDEND NOTICE

Notice is hereby given that a Dividend of twenty-five (25c) cents per share on the No Par Value Common Stock of the Company has been declared for the Quarter ending March 31, 1941, payable April 18, 1941, to Shareholders of record at the close of business on March 31, 1941.

By Order of the Board.
C. E. GREARSON,
Secretary.

Montreal, February 27, 1941.

Dominion Glass Company Limited

Notice of Dividends

Notice is hereby given that a dividend of one and three-quarters percent (1¾%) has been declared on the PREFERRED STOCK of the Company for the quarter ending the 31st day of March 1941.

Notice is also hereby given that a dividend of one and one-quarter percent (1¼%) has been declared on the COMMON STOCK of the Company for the quarter ending the 31st day of March 1941.

Subject to the approval of the Foreign Exchange Control Board the above Dividends will be paid on Tuesday, the 1st day of April 1941 to Shareholders of record at the close of business Saturday, the 15th day of March 1941.

By Order of the Board.
MERVYN OFFER,
Secretary.

Montreal, 25th February 1941.

DIVIDEND NOTICE

English Electric Company of Canada, Limited

CLASS "A" SHARES

Notice is hereby given that the Board of Directors have declared a dividend of sixty-two and one-half cents (62½c) per share on the outstanding Class "A" shares of the Company, payable March 15th, 1941, to shareholders of record at the close of business on March 5th, 1941.

AUBREY MUNDY,
Secretary.

February 26th, 1941.

Canadian Westinghouse Company, Limited

DIVIDEND NOTICE

Notice is hereby given that at a meeting of the Board of Directors of this Company, held February 26th, 1941, a dividend of fifty cents (50c) per share was declared upon the outstanding Capital Stock of the Company, payable April 1st, 1941, subject to the regulations of the Foreign Exchange Control Board of the Dominion Government, to Shareholders of record March 17th, 1941.

Cheques will be mailed to Shareholders.

By Order of the Board,
W. E. SPRAGUE,
Secretary.

Hamilton, Canada, Feb. 27th, 1941.

Honey Dew Limited

Dividend Notice

Notice is hereby given that a dividend of fifty cents (50c) per share, on the outstanding capital stock of the Company, has been declared payable on the first day of April, 1941, to shareholders of record at the close of business on the 15th day of March, 1941.

By Order of the Board.
R. G. McMULLEN,
Secretary.

Toronto, Ontario,
February 26, 1941.

The Sherwin-Williams Company of Canada, Limited

NOTICE IS HEREBY GIVEN that the One Hundred and Sixteenth and One Hundred and Seventeenth Quarterly Dividends of One and Three-quarters per cent (1¾%) each, being at the rate of Seven per cent (7%) per annum for each of the Quarters ending May 31, 1940, and August 31, 1940, on the Preferred Stock of the Company has been declared payable to Shareholders of record the 15th day of March, 1941, and that cheques will be mailed April 1, 1941.

Books not closed.

By Order of the Board,
P. W. HOLLINGWORTH,
Secretary-Treasurer.

Montreal, Quebec.
February 6, 1941.

Canadian Wirebound Boxes Limited

Dividend Notice

Take Notice that the Directors of the Company have declared a dividend of thirty-seven and one-half cents (37½c) per share on account of arrears on the class "A" shares of the Company, payable April 1st, 1941, to shareholders of record the close of business March 15th, 1941.

By Order of the Board,
J. P. BERNEY,
Secretary.

Toronto, February 26th, 1941.

ANNUAL MEETING NOTICE

CANADA MALTING CO. LIMITED

NOTICE

Notice is hereby given that the Annual Meeting of the Shareholders of Canada Malting Co., Limited, will be held at the Mount Royal Hotel in the City of Montreal on Friday, the 14th day of March, 1941, at the hour of 11:30 a.m. daylight saving time, to receive and, if thought fit, adopt and approve the Annual Statement and Auditors' Report, to elect directors and appoint auditors for the ensuing year, and to fix the auditors' remuneration, and to transact such other business as may properly come before an Annual Meeting.

By Order of the Board,
JOHN P. HEIGHTON,
Secretary.

Montreal, Quebec,
February 21, 1941.

Notice to holders of Share Warrants under the regulations of the Company adopted by the Company.

Holders of Share Warrants, in order to vote at the above meeting, must deposit their share warrants with the Toronto General Trusts Corporation, the Transfer Agent of the Company, or with a chartered bank, and receive a voting certificate, which must be produced at the meeting or filed with a proxy before the meeting. Forms for this purpose can be obtained from the Toronto General Trusts Corporation, the Transfer Agent of the Company, at its Toronto office, or from the office of the Canada Malting Co., Limited, Royal Bank Building, Toronto.

DIVIDEND NOTICES

The Bell Telephone Company of Canada

Notice of Dividend

A dividend of Two Dollars per share has been declared payable on the 15th day of April, 1941, to shareholders of record at the close of business on the 22nd of March, 1941.

F. G. WEBBER,
Secretary.

Montreal, February 26, 1941.

Associated Breweries of Canada Limited

TO HOLDERS OF PREFERRED SHARES:

NOTICE is hereby given that for the purpose of carrying out the redemption of 500 of the Preferred Shares of the outstanding issue of this Company and pursuant to Resolution of the Board of Directors and to the provisions of the Companies Act, 1934, the Registers of Transfers of Preferred Shares will be closed from the close of business on April 15th, 1941, to the commencement of business on April 25th, 1941.

Dated at the City of Calgary, in the Province of Alberta, this 25th day of February, 1941.

I. N. WILSON,
Treasurer.

Associated Breweries of Canada Limited

DIVIDEND NOTICE

NOTICE IS HEREBY GIVEN that a Quarterly Dividend (No. 50) of 1¾% upon the outstanding Preferred shares of the Company has been declared, payable, subject to the approval of the Foreign Exchange Control Board, on the First day of April, 1941, to Shareholders of record at the close of business on the Fifteenth day of March, 1941.

NOTICE IS ALSO GIVEN that a Quarterly Dividend (No. 47) of 25 Cents per share on the No Par Value Common shares of the Company, issued and outstanding, has been declared, payable, subject to the approval of the Foreign Exchange Control Board, on the Thirty-first day of March, 1941, to Shareholders of record at the close of business on the Fifteenth day of March, 1941.

By Order of the Board,
I. N. WILSON,
Treasurer.

Calgary, Alberta,
February 25th, 1941.

Ottawa Light Heat and Power Company, Limited

The following dividends are payable 1st April, 1941, to Shareholders of record 5th March, 1941.

PREFERRED STOCK: 1¼% (being at the rate of 5% per annum.)

COMMON STOCK: Fifteen Cents (15 cts) per share on the No Par Value Shares.

The transfer books will not be closed.

By Order of the Board.
F. W. FEE,
Secretary.

OTTAWA, 28th February, 1941.

Canadian Celanese Limited

1401 McGill College Avenue, MONTREAL, P.Q., CANADA

March 3, 1941.

The Board of Directors has this day declared the following dividends:

Seven Per Cent Cumulative Participating Preferred Stock

A participating dividend of sixty cents (60c) per share, payable March 31, 1941, to holders of record at the close of business March 14, 1941.

A dividend of one dollar seventy-five cents ($1.75) per share, which shall be deemed to be for the three months period January 1, 1941, to March 31, 1941, payable March 31, 1941, to holders of record at the close of business March 14, 1941.

Common Stock

A dividend of twenty-five cents (25c) per share, payable March 31, 1941, to holders of record at the close of business March 14, 1941.

H. BLANCKE,
Secretary.

Ymir Yankee Girl Gold Mines Limited N.P.L.

DIVIDEND NOTICE

NOTICE IS HEREBY GIVEN that a dividend of two cents (2c) per share has been declared payable in Canadian funds on March 31, 1941, to shareholders of record at the close of business on the 15th March, 1941.

The Register of Transfers will be closed at the close of business on the 15th March, 1941, until the opening of business on the 24th day of March, 1941.

By Order of the Board.
W. A. SUTTON,
Secretary.

Vancouver, B.C., February 27, 1941.

NOTICE OF DIVIDEND

Famous Players Canadian Corporation Limited

NOTICE is hereby given that a quarterly dividend of Twenty-five Cents (25c) per share has been declared on all issued common shares of the Company without nominal or par value, payable on Saturday, the 29th day of March, 1941, to shareholders of record, Saturday, the 15th day of March, 1941.

By order of the Board,
THOS. J. BRAGG,
Secretary-Treasurer.

Dated at Toronto this 1st day of March, 1941.

Week in Wheat

Official Wheat Policy Is Anxiously Awaited

Announcement Would Help Farmers Determine Total Acreage — Expect Higher Fixed Price and Limit on Deliveries

From Our Own Correspondent

WINNIPEG.—Word from Ottawa is being anxiously awaited as to what definite wheat policy will be announced by the Government before seeding. There is widespread hope, typified by recommendations telegraphed to the Government by the Saskatchewan Legislature, that the basic guaranteed price paid through the Wheat Board may be increased from 70 to 85 cents a bushel.

If that is done there will probably be little objection on the farmers' part to the Government limiting acceptances to an amount equivalent to domestic consumption and actual exports.

On the other hand certain western members of Parliament are known to object to such a course, claiming that it will make the Government responsible for marketing conditions over which it has no control. They favor the Government accepting all wheat offered if and when farmers are able to deliver, and at a price equivalent to the present plus storage charges.

• • •

Farmers Await Policy

The majority of farmers recognize that it is going to be difficult to deliver a normal crop of wheat during the next crop year and many of them are planning substantial transfers of acreage to coarse grains, to summer fallow or to other uses. Others, however, will maintain a full acreage, even though not expecting to be able to dispose of all their crops, especially if it appears to them that by so doing they will improve their chances of making deliveries under a quota system. Announcement of an official wheat policy, therefore, may have some considerable effect upon the seeding plans of many farmers and the western acreage which is put into wheat.

• • •

Spanish Imports

Rumors are in constant circulation with respect to prospective increased buying of Canadian wheat for shipment to Spain and Portugal. All reports agree that Spain is desperately short of foodstuffs. The country's ability to supply her needs, however, is essentially a political matter. It depends upon the willingness of Great Britain to help Spain find the foreign exchange resources with which to make purchases and to allow diversion and passage of ocean tonnage.

On this account it is not likely that purchases of wheat will be made in great quantity at any one time. More likely is a continuance of the practice which has already been followed to some extent, of resale by Great Britain to Spain of wheat already purchased on this continent, with transactions subject to change of policy from day to day so long as the relation of Spain to the Axis powers is a matter of doubt.

• • •

Lift Rail Embargo

The railways have removed the embargo on shipment of wheat from country elevators to lakehead terminals. They are evidently willing to begin accumulation of some wheat in transit, expecting that at the opening of navigation there will be opportunity, which does not now exist, to get such wheat unloaded into lakehead terminals.

This does not mean unrestricted shipments of wheat, however, for the Canadian Wheat Board is still exercising control. It is allowing shipments to be made only from stations where it considers relief from storage congestion to be most necessary. It is expected that shipments will be allotted first to those points where, because of lack of room to deliver, it has not yet been possible to increase farmers' delivery quotas above 12 bushels to the acre.

Decide Details New Storage

Terminal Companies Will Finance Own Share of 50% Expansion

From Our Own Correspondent

WINNIPEG.—Definite announcement has now been made that western elevator companies are about to erect new storage capacity for grain at head terminals to the extent of about 50 million bushels. Allocation of this space to be built has been made among all elevator companies on the basis of the number of country elevators operated by each. All companies already operating country and terminal elevators are represented in the programme, including members of the North-West Line Elevators Association, the Pool Elevator Companies and United Grain Growers Ltd.

Doubles Terminal Capacity

This increase in terminal elevator capacity, amounting to slightly more than 50% of the present storage capacity in terminal elevators at the head of the lakes, is believed to be required if all the wheat of the 1940 crop, of which much is still held on farms, is to be placed in storage before a new crop begins to move. It is the policy of the Canadian Wheat Board and the Dominion Government to accept all wheat offered by farmers before the end of the current crop year next July 31. Not until this policy was decided did the elevator companies commence to consider what additional storage might be required.

Finances up to Companies

It is known that extensive negotiations between the elevator companies and the Government, as well as with the Board of Grain Commissioners and the Canadian Wheat Board, took place before details of the plan were decided upon. No statement of the Government position in this respect has come from the elevator companies, and that presumably will first be made known by a government announcement at Ottawa. But it is clear that the Govenrment is neither to lend nor to guarantee any loans to the elevator companies for the purpose of building, and that the capital funds required will be found by the companies themselves. It is assumed that some understanding exists against any early further reduction of storage rates, which were reduced last year by one third from the previously established rate of one thirtieth to one forty fifth of a cent a bushel per day.

Central Storage Turned Down

At one time there was explored the possibility of a central storage plant to take care of grain in bins very much larger than any which have ever before been used. But investigation showed that such a plan would involve greatly increased dangers of grain going out of condition from moisture, mites, beetles, or other causes. Economies in bin construction might have been offset by the need of additional machinery and switching costs.

Now each company is to build its share of the new storage adjacent to its own elevators, the loading and cleaning machinery of which can thus be employed to full advantage. Timber construction is to be largely employed, to keep down the building cost, as the new structures are expected to be temporary, and to be demolished when the present temporary need has passed.

Tax on Flour Due For Raise

Plan Processing Levy of 50 Cents Per Bushel—Quebec Exempt

From Our Own Correspondent

OTTAWA.—It is learned authoritatively that the Government has all but decided to increase the wheat processing tax from 15 cents to 50 cents per bushel and to use the revenue so received to raise the price of wheat from 70 to about 75 cents per bushel on the 1941 crop.

Preliminary moves to this end may already be observed. The greatest stumbling block to the proposal has been Quebec, where the old grist mill still holds sway. Such a tax would be a serious blow to the habitant who has very little cash income and who grows his wheat, takes it to the local mill and returns with his supply of flour. He has no cash to pay 50 cents per bushel.

Actually the Quebec farmer has been excluded from the 15-cent tax enacted in July, 1940, and all payments made by them are to be refunded. They would likewise be excluded from any increase in the tax.

DIVIDEND NOTICES

Canadian Breweries Limited

Dividend Notice

Notice is hereby given that a dividend of seventy-five cents (75c) per share on the Cumulative Sinking Fund convertible Preference Shares of the Company has been declared, payable on the 1st day of April, 1941, to Shareholders of record at the close of business on the 15th day of March, 1941.

By Order of the Board.
W. C. BUTLER,
Secretary.

Toronto, Ontario,
February 26, 1941.

Broulan Porcupine Mines, Limited

(No Personal Liability)
Dividend No. 3

Notice is hereby given that a Quarterly Dividend of three cents per share in Canadian funds has been declared on the issued capital stock of the Company and will be paid (less deductible taxes) on April 19th, 1941, to shareholders of record March 31st, 1941.

A copy of the Progress Report for the First Quarter of 1941 will be forwarded with the dividend payment.

By Order of the Board.
D. R. MICHENER,
Secretary.

Toronto, Ontario, March 4th, 1941.

DIVIDEND NOTICES

The B. Greening Wire Company Limited

Common Dividend No. 14

NOTICE IS HEREBY GIVEN that at a meeting of the Directors of The B. Greening Wire Company, Limited, held in the office of the company on February 24th, 1941, a dividend of Fifteen cents per share on the Common Shares of the Company was declared payable April 1st, 1941, to shareholders of record March 15th, 1941.

F. J. MAW,
Secretary.

Hamilton, Ont., February 26, 1941.

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Own and Operate
One Terminal Elevator in Fort William
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Total Storage Capacity 6,925,000 bus.
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PURITY Bran PURITY Whole Wheat Flour
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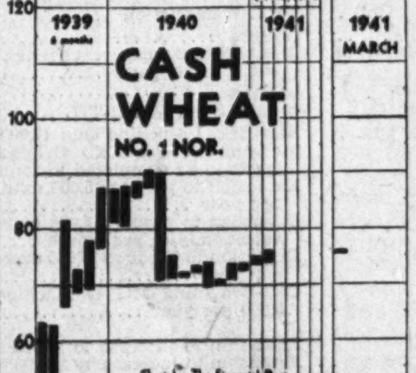
Mills at: Goderich, Winnipeg, Calgary

Wheat Prices



Cash Quotations

For Week

	Mar. 3 High	Mar. 3 Low	Prev. Week High	Prev. Week Low
Wheat:				
1 Hard	.75⅝	.75½	.75½	.75⅛
1 Nor.	.75⅝	.75½	.75½	.75⅛
2 Nor.	.73⅝	.73⅛	.73¼	.72¾
3 Nor.	.70⅝	.70⅛	.70¼	.69¾
4 Nor.	.68	.67⅝	.67¾	.67¼
5 Wheat	.66½	.66	.66	.66⅛
6 Wheat	.64¾	.64¼	.64½	.64¼
Feed	.62¾	.62¼	.62½	.62⅛
Oats:				
2 C. W.	.35⅛	.34⅛	.34¼	.33¼
3 C. W.	.34⅜	.33⅜	.34	.31¾
Barley:				
1 Feed	.50	.48⅜	.47¾	.44¾
2 Feed	.48	.45⅛	.46½	.43⅜
Flax:				
1 C. W.	1.57⅛	1.54½	1.57½	1.51⅛
2 C. W.	1.55⅛	1.51¼	1.54¾	1.48⅛
Rye:				
2 C. W.	.48¾	.48	.48⅜	.47

Winnipeg Grain Futures

Week to Mar. 3, 1941

Crop year from Aug. 1, 1940 High	Crop year from Aug. 1, 1940 Low		Open Feb. 25	High for week	Low for week	Close Mar. 3	Close year ago
		Wheat					
.78¾	.71⅛	May	.77¾	.78⅛	.77⅛	.77¼	.88⅝
.80½	.77⅛	July	.79⅜	.79⅞	.78¾	.78⅞	.89⅝
		Oats					
.35⅝	.26⅜	May	.35¼	.35⅝	.34⅞	.34⅞	.40¼
.33⅝	.29¼	July	.33⅛	.33⅜	.33¼	.33¼	.38¾
.32	.30¾	Oct.	.32	.32	.31⅝	.31⅝	.34¾
		Barley					
.50⅛	.33⅜	May	.48¼	.50⅛	.47⅜	.47⅞	.52
.45⅝	.39⅞	July	.44⅝	.45⅜	.43⅜	.43⅜	.52
		Flax					
1.63¼	1.16	May	1.58⅞	1.59⅞	1.55⅝	1.58⅝	2.02
1.62	1.29¼	July	1.57¼	1.57⅝	1.53¾	1.57	2.00
1.58¼	1.44¾	Oct.	1.53⅛	1.53¼	1.50	1.53¼	1.96
		Rye					
.52	.44¼	May	.50⅜	.50⅜	.49⅜	.49⅜	.72⅜
.51⅜	.47⅞	July	.50½	.50⅞	.50⅛	.50⅛	.73⅜

Howe Bares Details Capital Aid to War Industry

Digest of $268 Million Canadian and British Programme of Government Assistance Reported by Minister of Munitions

Name of Company	Location of Plant	Nature of Production under Assistance Agreement	Commitments Total $	Government Committed Canada %	U.K. %
Alberta Nitrogen	Calgary, Alta.	Ammonia	10,110,006	36-1/3	66-2/3
		30 tank cars bought	207,750	33-1/3	66-2/3
Algoma Steel	Sault Ste. Marie	9.2" How. Mk. ID/L—Forging	527,333	..	100
Aluminum Goods	Toronto, Ont.	Gas tanks for Anson Aircraft	4,500	100	
Anaconda Amer. Br.	New Toronto	Cartridge Brass	2,290,000	100	
		Brass manufacturing	535,120	100	
		Working capital for cartridge brass	150,000	100	
Atlas Steels Ltd.	Welland, Ont.	40 mm. Bofors Barrel Forgings	349,312	77	23
		40 mm. Bofors	4,273	..	100
		2 pdr. A.T. Mark X Barrel Forgings	171,667	100	
		3.7 A.A. loose barrel forgings	161,000	50	50
Babcock-Wilcox	Galt, Ont.	40 mm. Shell Mk. II-T/L	246,957	..	100
W. H. Banfield	Toronto, Ont.	40 mm. Shell Mk. II-T/L	128,325	..	100
Barber Die Castings	Hamilton, Ont.	40 mm. Shell—Base Plugs	2,124	..	100
Wallace Barnes Co.	Hamilton, Ont.	303 S.A.A.—Charger Clips	1,841	..	100
Bata Shoe Co.	Frankford, Ont.	Gauges	28,050	100	
		0.5" Twin Mounting Mk. IV	136,600	..	100
Beatty Bros.	Fergus, Ont.	25 pdr. Primer No. 1 Mk. II	61,108	..	100
Bendix-Eclipse	Windsor, Ont.	40 mm. Shell—Tracer No. 7	325,328	..	100
		40 mm. Shell—Tracer No. 12 Mk. I.			
John Bertram	Dundas, Ont.	Machine Tools	1,220,000	100	
Boeing Aircraft	Vancouver, B.C.	Aircraft Parts and Assembly	87,698	100	
		Manufacture of PBY flying boats	29,940	100	
		Manu. and assembly PBY boats	1,442,000	100	
		Principal Overhaul Depot	438,000	100	
		Manu. and assembly PBY boats	27,400	100	
Brit. Aeroplane Eng.	Montreal, P.Q.	Overhaul Rolls-Royce Engines	6,949	100	
Brown Boggs Found.	Hamilton, Ont.	Machinery	65,000	100	
Can. Acme Screw	Toronto, Ont.	Pistols for G.P. bombs Mark IV aircraft 500 lb.	457,155	100	
		40 mm. Shell—Fuse 251	135,726	..	100
			959,655		
Canadian Airways	Winnipeg, Man.	Airplane engine overhaul depot	19,201	100	
		Engine overhaul depot	5,700	100	
Can. Car & Fdry.	Montreal, P.Q.	9.2" How. Shell Mk. XVI-Mach.	1,610,691	..	100
		9.2" How. Shell Mk. ID/L-Mach.			100
	Amherst, N.S.	Overhaul depot	9,100		
	Cherrier, P.Q.	Shell Filling	11,390,375	33-1/3	66-2/3
Can. Dredge & Dock	Toronto, Ont.	Crane facilities	7,300		
Can. Elevator Equip.	Toronto, Ont.	Gauges	20,850	100	
		M.F. 2" Mk. II Motors and spare parts	40,420	100	
Can. Gen. Electric	Peterborough	2 pdr. A.T. carriages	3,045,417	50	50
		3.7 A.A. mountings	5,144,632	50	50
Can. Locomotive	Kingston, Ont.	2 pdr. Mark VIII mountings	220,000	..	100
		6" How. Shell Mk. ID/L mach.	889,880	..	100
Can. Motor Lamp	Windsor, Ont.	25 pdr. Cartridge Case	453,764	..	100
Can. Nat. Railways	Montreal, P.Q.	12 pdr. Mk. V guns and mechanisms (Naval)	1,315,330	..	100
	Winnipeg, Man.	4.5/5.5 Gun Carriages	635,000	100	
Can. Pac. Railways	Ogden, Alta.	12 pdr. guns and Mark IX mountings (Naval)	2,485,784	..	100
	Montreal, P.Q.	Tanks	1,170,000	62	38
Can. Pratt & Whit'y	Longueuil, P.Q.	Training of Personnel	300,000	100	
		Airscrew Overhaul Depot	140,296	100	
Can. Tube & Steel	Montreal, P.Q.	4.5" How. Shell—Forging	411,300		
		4.5" How. Shell—Machining	......	..	100
Canadian Vickers	Montreal, P.Q.	Bolingbroke Short Legs	106,200	100	
		Stranraer Flying Boats and Delta and Anson	348,446	100	
Can. Westinghouse	Hamilton, Ont.	3.7 A.A. guns and loose barrels	7,951,910	50	50
		Torpedo engines	25,000	..	100
Can. Wire & Cable	Montreal E., P.Q.	Brass Strip, Discs and Rods	5,200,000	100	
Chem. Construction	Niagara Falls	Ammonia, ammonium nitrate, etc.	14,535,431	..	100
Clark Ruse Aircraft	Dartmouth, N.S.	Principal overhaul base	393,710	100	
Cockshutt Plow Co.	Brantford, Ont.	25 pdr. shell smoke-machining	313,288	..	100
Consol. Mining	Trail, B.C.	Ammonia	1,162,500	..	100
		Ammonia and ammonium nitrate	7,260,830	..	100
Corman Engineering	Toronto, Ont.	Manufacture of directing gears	1,000	100	
		Gauges	12,500	100	
Crane Limited	Montreal, P.Q.	40 mm. Shell—Primer No. 18	155,138	..	100
Defence Industries	Nobel, Ont.	Cordite, T.N.T., Rifle Cordite	10,572,800	..	100
	De Salaberry Is.	N/C Cannon Powder, N/C Rifle Powder, D.N.T., T.N.T., Tetryl	18,670,973	..	100
	Shawi'gan Falls	Hexachlorethane	284,375	..	100
	Winnipeg, Man.	Cordite	9,035,000	..	100
	Pickering, Ont.				
	St. Therese, P.Q.	Ammunition filling plant	15,000,000	12½	87½
	Beloeil, P.Q.	Propellants for test purposes	75,000	100	
	Windsor, Ont.	Carbamite	200,000	..	100
	Montreal, P.Q.	.303 S.A.A. Detonators — Fuse 119, Fuse 251 and Gaine 11	8,619,413	..	100
		Working capital arrangement	3,350,000		
	Verdun, P.Q.	Small Arms ammunition	675,000		
de Havilland Aircraft	Toronto, Ont.	Air fuselages	130,000	100	
		Principal overhaul depot	136,239	100	
		Manuf. Anson fuselages, machinery & assembly	767,875	100	
Dominion Bridge	Montreal, P.Q.	3.7" cartridge cases; 4" cartridge cases	83,850	100	
		25 pdr. shell—cartridge cases	350,175		
		3.7" shell—cartridge cases	1,505,195	..	100
		2 pdr. guns Mk. VIII	4,000,000	..	100
Dom. Engineering	Lachine, P.Q.	Machine tools	800,000	100	
	Montreal, P.Q.	6 pdr. Anti-tank gun	6,232,000	100	
		2 pdr. Mark VII mountings	180,000	..	100
Dom. Engineer. Wks.	Longueuil, P.Q.	2 pdr. anti-tank guns and mechanisms, Mark X	4,435,507	25	75
		Working capital for 2 pdr. A.T. guns	500,000		
Dom. Forge & Stamp.	Walkerville	25 pdr. shell H.E.—Forging	93,600	..	100
Dom. Found. & Steel	Hamilton, Ont.	Heat. treat and straighten armor plate	723,535	100	
		3.7 A.A. loose barrel forgings	994,405	50	50
Dominion Rubber	Kitchener, Ont.	Tires	163,469	100	
		Tooling to produce 10.50x20 sand tires	67,632	..	100
Dom. Steel & Coal	New Glasgow	4" single mounting, 4" twin mounting (naval)	3,500,000	..	100
Dunlop Tire	Toronto, Ont.	Gun firing & brake control equipment & relay control valves	44,000	100	
		9.00x16 R.F. tires for military purposes	8,825	100	
		New size runflat tires, tubes & spares	6,195	100	
		Tooling to produce 10.50x20 sand tires	3,200	..	100
		9.00x16 R.F. tires for military purposes	148,500	100	
Duplate Tool & Die	Toronto, Ont.	Gauges	36,832	100	
Eastern Car Co.	Trenton, N.S.	4" twin and 4" single gun mountings	3,500,000	..	100
Electric Reduct'n Co.	Buckingham	Yellow and red phosphorous	290,000	100	
		Potassium chlorate, ammonium perchlorate, potassium perchlorate, barium chlorate	131,000	100	
Electric Steels Ltd.	Cap Madeleine	Bombs	1,056,600	100	
		Working capital (assistance)	575,000		
English Electric Co.	St. Catharines	Transformers, motors, switch gear	719,165	100	
Fairchild Aircraft	Longueuil, P.Q.	Bolingbroke Aircraft (addition to P.C. 6887)	66,880	100	
		Increased production of Bolingbroke Aircraft	55,000	100	
Firestone Tire	Hamilton, Ont.	9.25 x 16 R.F. tires, tubes and spacers	6,100	100	
		Tooling to produce 10.50 x 20 cross country tires	5,039	..	100
		Tires	124,900	100	
Fleet Aircraft Ltd.	Fort Erie, Ont.	Manufacture of aircraft	2,900,000	100	
		Manufacture and overhaul depot	514,273	100	
		Overhaul of Kinner Engines	22,000	100	
Ford Motor Co.	Windsor, Ont.	Constant velocity universal joints for four wheel drive mechanical transport vehicles	250,000	100	
		Mechanical transport vehicles of the four wheel drive type	1,500,000	100	
		Universal carriers	121,000	100	
		Four wheel drive motor transport	1,000,000	100	
General Engineering	Pickering, Ont.	Filling fuses, primers, etc.	2,250,000	12½	87½
General Motors	Oshawa, Ont.	Army type Quad. 4 x 4 motor vehicles	1,500,000	100	
		Four wheel drive motor transport	1,000,000	100	
Goodrich Tire	Kitchener, Ont.	Tires	30,109	100	
Goodyear Tire	New Toronto	Production of 9.25 x 16 R.F. Tires, tubes and spacers	6,000	100	
		Tooling to produce 10.50x20 sand tires	28,900	..	100
		Tires	40,000	100	
		Tires	592,433	100	
Gutta Percha Rubber	Toronto, Ont.	Tires	30,074	100	
Hamilton Bridge Co.	Hamilton, Ont.	Steel body and turret adapted to the 4 x 4 Ford chassis (1 experimental)	6,500	100	
Ham. Gear & Mach.	Toronto, Ont.	Tank transmission	363,000	100	
John Hay & Co.	Ottawa, Ont.	Gauges	33,770	100	
Hayes Steel Prods.	Merritton, Ont.	Mechanical transport vehicles, parts and aircraft parts	398,000	100	
Houser Mach. Works	Merritton, Ont.	Gauges	26,950	100	
Ingersoll Machine	Ingersoll, Ont.	40 mm. Shell Mk. II-T/L	216,279	..	100
John Inglis Co.	Toronto, Ont.	Bren Mk. I Machine Gun (7,000 Guns for Can.; 5,000 for U.K.) Original contracts to be completed in four years	......	66-2/3	33-1/3
		Extension to produce 5,000 extra guns per year	1,328,910	..	100
		Extension to produce 2,000 extra barrel assemblies per month	407,605	..	100
		Extension to produce 15,000 extra guns per year	1,357,288	33-1/3	66-2/3
		Colt-Browning MG 40 Machine Gun 5,000 per year	2,603,537 }	33-1/3	66-2/3
		Extension to increase to 20,000 a year	3,059,320 }		
		Extension to increase by 25,000 per yr. This is to be divided as required: a—M1919A4 Tanks b—MG 40 Planes c—MG 38 Infantry (The above allotments appear to have been merged into a single project whose total commitment is $13,095,170 under P.C. 6988.)	4,338,510	33-1/3	66-2/3
		Boys anti-tank rifle Mk. I	3,354,958	33-1/3	66-2/3
		Working capital	2,000,000	33-1/3	66-2/3
Kelsey Wheel	Windsor, Ont.	Sub-contractor Ford carriage prodn.	110,600	100	
MacDonald Aircraft	Winnipeg, Man.	Overhaul depot	46,171	100	
		Manuf. Anson wings & overhaul depot	651,505	100	
		Manuf. winter modification parts	15,626	100	
		Furniture for Anson parts manufacture and overhaul	894	100	
MacKenzie Aircraft	Edmonton, Alta.	Principal overhaul depot	479,787	100	
		Principal overhaul depot	4,724	100	
McKinnon Industries	St. Catharines	Fuse 199—Mk. IV	21,588	..	100
		6" How. — Fuse 119; 25 pdr. — Fuse 119; 4.5" How.—Fuse 119	872,526	..	100
McLennan Foundry	Cambellton, N.B.	6" How. Shell Mk. ID/L machining	182,526	..	100
M. & C. Aviation	Pr. Albert, Sask.	Aircraft overhaul depot	74,569	100	
		Overhaul base	6,590	100	
		Office furniture	450	100	
Man. Bridge & Iron	Winnipeg, Man.	4.5" How. shell — machining 25 pdr. shell H.E.—Forging	338,625	..	100
Manitoba Bridge	Winnipeg, Man.	4.5" How. Shell	5,525	..	100
Maritime Steel	New Glasgow	6" How. shell Mk. ID/L—machining	224,203	..	100
Massey-Harris Co.	Toronto, Ont.	40 mm. shell Mk. II-T/L 25 pdr. shell H.E.—machining	371,801	..	100
		25 pdr. shell	2,584	..	100
Mid-West Aircraft	Winnipeg, Man.	Overhaul primary trainers	6,040	100	
Robert Mitchell Co.	Montreal, P.Q.	25 pdr. shell—cartridge case	442,775	..	100
Modern Tool Works	Toronto, Ont.	Machine tools	145,000	100	
Mont'l Constr Supply	Montreal, P.Q.	18 pdr. Shell H.E.	307,500	*	*
Montl. Locomotive	Montreal, P.Q.	6" How. Shell Mk. ID/L—machining; 9.2" How. Shell Mk. ID/L machining	1,602,696	..	100
		Production of M. III cruiser tanks and 5.5 gun carriages (2 separate agreements—(1) constr. of plant, (2) production of tanks and gun carriages)	5,145,000	64	36
M'row Screw & Nut	Ingersoll, Ont.	3.7" ammunition—Primer No. 11; 4.5" How.—Primer No. 1 Mk. II	81,015	..	100
Mueller Limited	Sarnia, Ont.	3.7" Ammunition—Gaine No. II	163,922	..	100
		Gaine No. 10 Mk. IZ	55,105	..	100
Nat. Cash Register	Toronto, Ont.	25 pdr. smoke—Fuse 221	263,925	..	100
		Fuse 199—Parts	41,449	..	100
National Steel Car	Montreal, P.Q.	3.7 Shell QF. H.E. Mk. IC/1	96,263	..	100
Nichols Chemical	Clark Is., P.Q.	Sulphuric Acid	1,406,500	..	100
Noorduyn Aviation	Montreal, P.Q.	Manufacture Norsemen & assembly	741,000	100	
		Aircraft overhaul depot	28,724	100	
Northern Electric	Montreal, P.Q.	3.7" Ammunition—Fuse 199	848,146	..	100
		Fuse 199—Parts	4,892	..	100
Otis-Fensom Elev'r	Hamilton, Ont.	40 mm. Bofors Loose Barrels	779,171	..	100
		40 mm. Bofors Equipment	9,936,583	25	75
		Working capital (Mfg. of 40 mm. Bofors Ordnance and mountings	300,000	50	50
Page-Hersey	Toronto, Ont.	6" How. shell—Forging	75,780	..	100
Parker Pen Co.	Toronto, Ont.	Primers No. 14	25,600	..	100
Peacock Bros.	Montreal, P.Q.	Domes, patterns Nos. 3057 and 6936	10,000	100	
			30,000	100	
		A.S. equipment	40,000	100	
Pedlar People	Oshawa, Ont.	40 mm. cartridge case, 4.5 How. cartridge case	529,189	..	100
Pratt & Whitney	Dundas, Ont.	Gauges	53,024	100	
Renfrew Electric	Renfrew, Ont.	Machine tools for manuf. of aircraft electrical equipment	50,000	100	
Robb Engineering	Amherst, N.S.	6" Ho. shell Mk. ID/L—Mach.	208,026	..	100
Sangamo Co.	Toronto, Ont.	Electrical equipment recorders	25,000	100	
Sawyer-Massey	Hamilton, Ont.	12 pdr. HA/LA Mk. IX	60,000	..	100
		Manuf. 12 pdr. HA/LA Mk. IX gun mountings	50,000	..	100
Shaw Tool & Mach.	Toronto, Ont.	Gauges	28,200	100	
Shawinigan Chemi'ls	Shawi'gan Falls	Carbide	1,140,000	..	100
		Moneothylaniline	237,000	..	100
Sherbrooke Pneum'c	Montreal, P.Q.	6" Ho. shell Mk. ID/L—Machining	271,920	..	100
Sieberling Rubber	Toronto, Ont.	Tooling to produce 10.50 x 20 cross country tires	5,006	..	100
		Tires	100,025	100	
Sicard Limited	Montreal, P.Q.	Four-wheel drive trucks fitted with snow blower units	200,000	100	
Singer Mfg. Co.	St. Johns, P.Q.	25 pdr. Smoke-Fuse 221	240,233	..	100
N. Slater Co.	Hamilton, Ont.	40 mm. Cart. Case—Primer 18 body forgings	53,680	..	100
Small Electric Motor	Toronto, Ont.	High frequency alternator and governor type motors	75,000	100	
Sorel Industries	Sorel, P.Q.	25 pdr. guns and mechanisms	7,500,000	93	7
		4" gun Mk. XVI, 4" Mk. V. guns	4,320,000	†	100
		4" Mk. XVI guns (naval)	3,000,000	..	100
Standard Chemical	Montreal, P.Q.	....	60,000	100	
Standard Machine	Winnipeg, Man.	Airplane engine overhaul depot	35,586	100	
		Aircraft overhaul depot	6,000	100	
Stanley Steel Co.	Hamilton, Ont.	Steel for S.A.A. charger clips	35,000	..	100
Steel of Canada	Hamilton, Ont.	Pig iron and steel ingots	3,855,000	100	
		6" How. Shell Mk. ID/L—Forging	849,900	..	100
Sutton-Horsley Co.	Toronto, Ont.	Aircraft spare parts	15,500	100	
Trans-Can. Air Lines	Winnipeg, Man.	Repair operations	10,000	100	
	Malton, Ont.	Airframe overhaul depot	18,924	100	
Trenton Steel Works	Trenton, N.S.	6" How. Shell Mk. ID/L—Forging; 4" Shell F.A.H.E. 35 lb. Mk. IB(N). Machining; 4" Shell F.A.H.E. 35 lb. Mk. IB(N) Forging	673,272	..	100
	New Glasgow	3.7 A.A. jackets, breech rings & breech blocks	539,735	50	50
	Trenton, N.S.	4.7 H.E. Shell	75,000	..	100
United Steel Corp.	Toronto, Ont.	25 pdr. Shell H.E.—machining	471,440	..	100
Valois and Valois	Montreal, P.Q.	Gauges	10,020	100	
Viceroy Mfg. Co.	Toronto, Ont.	6" How. Shell—Duroc Transit Plug	734	100	
Vulcan Iron Works	Winnipeg, Man.	25 Pdr. Shell—Machining	166,928	..	100
Waterous Limited	Brantford, Ont.	4.5" How. Shell—Machining	81,100	..	100
		Tank Transmission	100,000	100	
Welland Chemical	Niagara Falls	Working Capital	15,000	..	100
Western Clock Co.	Peterborough	Gauges	12,800	100	
Whitehall Machine	Galt, Ont.	Gauges	49,770	100	
Total			$268,499,894		

* Canada and U. K. under Department of National Defense agreement of Nov., 1937.
† Canada paid for land.

ACCIDENTS THAT DON'T HAPPEN WILL WIN THE WAR!

This destruction was caused by the failure of a welded patch on a fire tube boiler.

POWER, the all-important servant of Industry! Keep it under control—exerting itself at its appointed tasks — and you are scarcely conscious of its might. Give it a chance for a break-away and there is no fury like it!

The failure of a welded patch on a fire tube boiler (as was involved in the disaster pictured above); a weakened seam in a pressure vessel; an incipient crack in a turbine rotor, engine shaft or flywheel—can end up in a plant dismembered, workers injured or killed.

But for every power-plant accident of this sort, The Boiler Inspection Company's inspection record shows scores that *didn't* happen—that were prevented by early discovery of some hidden flaw or weakness, thus sparing owners heavy costs, including those of business interruption.

With 65 years of experience, over 1,500,000 inspections, a field force of 40 highly trained inspectors and supervisors giving *all* their time to the exacting problems of power-plant insurance—The Boiler Inspection Company has probably *prevented* more industrial-power accidents than all other organizations of its kind in Canada.

Your agent or broker can give you many more reasons why it will pay you to link your power-plant inspection and insurance to the engineering service which gives The Boiler Inspection Company undisputed leadership in this specialized business.

The Boiler Inspection Company employs a complete engineering staff devoted solely to the study of power-equipment accident causes and the means of preventing them and, with 23 companies registered at Ottawa for the transaction of boiler and machinery insurance, alone covers over 50 per cent of Canada's insured power equipment.

The Boiler Inspection and Insurance Co. of Canada

806 THE BANK OF NOVA SCOTIA BLDG MONTREAL — 908 FEDERAL BLDG TORONTO — 221 CURRY BLDG WINNIPEG

Company Reports

Hamilton Cotton

Heavy demand for certain of the products of the Hamilton Cotton Co., for war purposes, added to regular trade resulted in the largest production and sales in the company's history, according to Alan V. Young, president. The overhaul of machinery, completed in 1939, permitted the company to take care of the increased demand to a greater extent and more economically than would have been possible. Current operations are stated to be at a very high rate with production sold ahead for some months. Depreciation during the past year was charged to allow for the extra wear and tear on machinery due to continuous overtime operation.

Taxes were increased more than tenfold in 1940 over 1939, despite which net profits were some 38% higher. The improved earnings position permitted the company to reduce arrears on the preferred from $6 to $4 out of the year's operations. The arrears will be further reduced to $3.75 per share with the payment due April 1, 1941.

Income and Surplus Account Years Ended

	Dec. 28 1940 $	Dec. 30 1939 $
Operating profit	805,658	328,432
Add: Inc. from invest.	1,560	......
Net earnings	807,218	328,432
Less: Exec. remun.	48,739	44,918
Depreciation	247,458	111,314
Directors' fees	1,400	1,400
Bond interest	42,173	44,205
Prov. for taxes	329,500	26,450
Net profit	137,948	100,145
Less: Pref. dividends	73,363	36,970
Surplus for year	64,585	63,175
Add: Prev. surplus	440,093	376,918
Surplus forward	504,678	440,093
Earnings per Share:		
Preferred	$7.46	$5.42
Paid	*2.75	2.00
Common	5.05	3.16
None paid.		

*Amount actually paid in 1940. In addition, regular 50-cent quarterly dividend plus $1.25 on arrears paid Jan. 2, 1941.

Working Capital

	1940 $	1939 $
Current assets	1,503,185	1,001,644
Current liabilities	507,014	180,375
Working capital	996,171	821,269

de Havilland Aircraft

The de Havilland Aircraft of Canada reports a small increase in net profits for the year ended Sept. 30 last, though net operating profit showed a relatively large gain, after depreciation, from $81,253 to $226,339. The difference between operating and net figures is accounted for by much heavier provision for taxes.

Changes in the company's balance sheet brought about by the accelerated scale of activity in the past year are illustrated by the summary below. In addition to the items shown, fixed assets show gains. Land is now carried at $66,250 instead of $50,000 and R. A. Laidlaw, chairman, informs shareholders that a 50-acre farm has been purchased and a lease taken on another 100-acre farm with the option of purchasing, to extend the aerodrome to accommodate larger aircraft.

Since the close of the company year, a dividend of $7 a share was paid on the preferred stock, leaving arrears at $61.25 a share.

Income and Surplus Account Years Ended Sept. 30

	1940 $	1939 $
Net oper. profit	306,373	81,253
Less: Depreciation	80,034	*
Income & E. P. taxes	150,000	14,017
Net profit	76,339	67,236
Add: Previous surplus	64,321	4,983
Less: Addit. 1939 depr.	18,453	......
Conting. reserve	......	7,000
Expenses w/o	......	898
Surplus forward	122,207	64,321

*Depreciation deducted before operating profit stated in 1939; in 1940, depreciation includes special provision on assets acquired to fulfil war contracts.

	1940	1939
Earned per Share:		
Preferred	$28.22	$24.86
No dividend paid.		
Class A	$2.30	$1.93
Shares o/s:		
Preferred, $100 par	2,705	2,705
Class A, n.p.v.	25,000	25,000
Class B, n.p.v.	5,000	5,000

Working Capital

	$	$
Current assets	706,920	307,233
Current liabilities	534,225	99,508
Working capital	172,695	207,725

Balance Sheet Changes

	$	$
Accts. & notes rec.	37,529	54,853
Rec. from Dept. M. & S.	251,617	......
Rec. from U. K. co.	......	5,472
Due U. K. co.	31,082	......
Inventories:		
Finished aircraft	28,439	17,654
Materials, parts, etc.	287,709	163,108
Work in process	216,788	64,136
Mats. in transit	29,507	3,610
Less: Dept. M. & S. adv.	145,217	......
Bank Loan	113,986	35,276
Accts. payable	200,186	35,606

Universal Life

An increase of $120,000 in total assets in 1940 is shown by the Universal Life Assurance and Annuity Co. of Winnipeg in its report for the year ended Dec. 31.

A large part of the increase was due to expansion in the holdings of Dominion and provincial bonds, while cash in hand also was higher.

Payments to policyholders during the year rose $21,800 to $43,856, while policy reserves increased $84,000. Capital and surplus at Dec. 31 also showed a slight gain.

Comparison of important items follows:

	1940 $	1939 $
Assets	623,028	503,652
Bonds	175,490	101,225
Cash	21,508	10,995
Policy payments	43,856	22,058
Policy reserves	500,491	416,200
Capital & surp.	58,259	58,144

Ottawa Electric

Gross income of Ottawa Electric Railway Co. increased by $244,604 in 1940 to $1.6 million. Net profit, after increased taxation and operating expenses of $100,265 compared with $124,465 in the previous year. This was equal to $2.85 a share on the common as against $3.54 in 1939.

The company retired $140,000 of bonds reducing outstanding funded debt at Dec. 31, 1940 to $2.1 millions.

T. F. Ahearn, president, states the company hopes to continue payment of dividends on the common stock at the rate established last year; quarterly payments totalling $1.20 a share, plus bonus of 30 cents.

Business is still showing a substantial increase each month over the preceding year, but increased expenses and possibility of increased taxes prevent the revenue betterment from being fully reflected in net income, according to the president.

Income and Surplus Account Years Ended Dec. 31

	1940 $	1939 $
Gross revenue	1,601,798	1,357,194
Less: Oper. exps.	974,049	861,480
Net earnings	627,749	495,714
Add: Interest	3,281	1,307
Less: Depreciation	239,903	235,761
Bond interest	90,300	94,500
Amort. refin. exp.	8,056	7,500
Inc. & cap. taxes	190,000	32,200
Other fin. exp.	2,506	2,595
Net profit	100,265	124,465
Less: Dividends	52,795	......
Surplus for year	47,470	124,465
Add: Prev. surplus	528,001	526,825
Real estate profit	3,763	1,514
Bond sale prof.	132	......
Inc. tax adj.	23,115	......
Less: Assets w/o	38,275	......
Prior yr. adjusts.	......	124,803
Surplus forward	564,206	528,001

Working Capital

	$	$
Current assets	786,597	501,544
Current liabilities	367,584	175,255
Working capital	419,013	326,289

Balance Sheet Changes

	$	$
Cash	610,777	381,574
Accts. payable	133,484	78,053
Funded debt	2,100,000	2,240,000

Commonwealth Inter.

Net profits of Commonwealth International Corp., management type investment trust, rose in 1940 to the equivalent of 16 cents a share from 14 cents in 1939. Dividends of 16 cents a share were paid in each year. Expenses of $7,430 were again charged to profit on securities. This account rose to $25,460 after charging the above amount and crediting $8,945 as profit on securities sold.

Investments in Canadian stocks and bonds are shown at cost of $276,010 and market value of $224,227. Investment in U. S. stocks and bonds is shown at $254,679 and market value of $220,195. Net assets per share are equivalent to $2.88 at the end of 1940 against $3.18 a year earlier.

Changes in portfolio during 1940 included sale of International Paper Co. 6% bonds and American Tobacco class B shares. Purchases included Noorduyn Aviation, 5½% bonds, due 1950, and Consolidated Paper common.

Income and Surplus Account Years Ended Dec. 31

	1940 $	1939 $
Investment income	30,277	25,419
Less: Inc. and E.P. taxes	5,046	1,283
Net profit	25,231	24,136
Less: Dividends	25,625	26,625
Deficit for year	394	2,489
Add: Prev. earn. surplus	4,805	7,295
Earned surplus fwd.	4,411	4,805
Earned per Share:	$0.16	$0.14
Paid	0.16	0.16
Shares O/s, n.p.v.	154,940	163,833
Net assets per share:	$2.88	$3.18

Canada Malting

Both operating and net profits of Canada Malting Co. for 1940 were below the previous year's level. Net was equivalent to $2.63 a share on the common compared with $3.28 a share for 1939. Dividends paid for last year totalled $2.50 a share, up 50 cents a share from the previous year.

Balance sheet again reflects the company's strong liquid position. Cash and call loans this year total $458,022 compared with $749,781 a year ago, while investments are down about $180,000. This probably is due to heavy expenditures on capital assets last year as illustrated by the summary of balance sheet changes below.

Income and Surplus Account Years Ended Dec. 31

	1940 $	1939 $
Operating profit	980,330	1,077,750
Add: Invest. income	78,995	59,009
Profit on bonds	......	16,611
Gross income	1,059,325	1,153,370
Less: Directors' fees	1,875	2,125
Exec., legal, etc.	60,472	84,454
Depreciation	200,000	200,000
Income & E. P. tax	273,543	214,787
Net profit	525,435	652,004
Less: Dividends	497,430	498,011
Surplus for year	26,005	253,993
Add: Prev. surplus	1,544,640	1,290,647
Tax prov. w/b	75,908	......
Earned surplus fwd.	1,646,554	1,544,640
Earned per Share	$2.63	$3.28
Paid	2.00+0.50	1.50+0.50
Shares O/s., n.p.v.	198,972	198,972

Working Capital

	$	$
Current assets	4,028,386	4,334,757
Current liabilities	387,287	384,727
Working capital	3,441,099	3,950,030

Balance Sheet Changes

	$	$
Cash and deposits	458,022	399,781
Call loans	......	350,000
Investments at cost	1,187,432	1,268,207
Market value	1,119,507	1,318,585
Malt, barley, etc.	1,792,844	1,656,076
Fixed assets:		
Buildings	2,998,983	2,517,958
Plant & equip.	2,382,890	2,041,937
Less: Depreciation	2,226,569	2,026,569

Canadian Investors

Canadian Investors Corp., management type investment trust reports net profits equivalent to 45 cents a share for the year ended Jan. 31, 1941, compared with 42 cents a share for the preceding year. Regular 40-cent dividends were again paid.

Investments are shown at cost of $1.1 million at Jan. 31 last compared with $1.3 million a year earlier. Market value is $688,258 against $993,360. As a result of this, net assets per share have declined to $8.22 compared with $10.06. Balance sheet shows cash on hand of $150,137 being held for a favorable investment opportunity compared with $27,207. Net losses on sale of investments last year amounted to $22,602. This amount has been charged to capital surplus, which account now amounts to $149,886.

Income and Surplus Account Years Ended Jan. 31

	1941 $	1940 $
Investment income	57,808	50,740
Less: Rent, sals., etc.	2,318	2,395
Registrars, legal, audit.	1,671	1,633
Income & E. P. taxes	7,514	3,815
U. S. inc. taxes	1,191	416
Interest paid	......	93
Net profit	45,113	42,388
Less: Dividends	40,000	40,000
Surplus for year	5,113	2,388
Add: Previous surplus	162,765	161,758
Less: Addit. inc. tax	367	1,381
Surplus forward	167,510	162,765
Earned per Share	$0.45	$0.42
Paid	0.40	0.40
Shares O/s., n.p.v.	100,000	100,000
Net Assets per Share	$8.22	$10.06

Dominion Tar

Dominion Tar and Chemical Co. reports consolidated operating profit of $2 millions in 1940, a gain of $459,549 over 1939. Increase of $418,850 in taxes and larger reserve for depreciation, reduced net profits from $629,595 to $587,241. After preferred dividends, earnings on common amounted to 83 cents a share as against 90 cents a share in 1939.

Capital expenditures in 1940 amounted to $1 million. The latter sum covered cost of three new properties acquired, including Dominion Salt Co. Capital surplus arising out of these purchases was used to reduce goodwill, which now stands on the books at $2.5 millions, a decline of $750,000 during the year. In addition the company retired $200,000 of serial debentures.

Buy More Preferred

The company reports purchase of $1,500 and $25,484 of preferred stock in Alberta Wood Preserving Co and Industrial Minerals Ltd., respectively.

As a result of these transactions net working capital declined from $2,956,565 to $2,418,351.

In his report to shareholders L. O. P. Walsh, president, said it is impossible to predict the course of business in the current year, but is hopeful of satisfactory operations.

Cons. Income and Earnings Account Years Ended Dec. 31

	1940	1939
Operating profit	$2,010,053	$1,550,504
Less: Exec. sals.	98,119	57,627
Legal fees	4,391	3,938
Directors' fees	4,769	4,390
Net earnings	1,902,774	1,482,549
Less: Deprec.	416,010	365,281
Deb. interest	185,325	192,325
Income taxes	714,198	295,348
Net profit	587,241	629,595
Less dividends:		
Alberta Wood	15,319	15,410
Dominion Tar	276,925	276,925
Surp. for year	294,997	337,260
Add: Prev. surp.	1,114,899	1,055,738
Prof. on secs. sale	23,001	......
Trans. from pref. stock s. f.	......	113,846
Trans. from gen. res.	......	53,605
Less: Goodwill w/o	273,309	445,548
Surp. forward	1,159,588	1,114,899

Working Capital

Current assets	$4,030,023	$3,893,934
Current liabilities	1,611,672	937,389
Working capital	2,418,351	2,956,565

Balance Sheet Changes

Cash	$ 302,634	$ 524,105
Accts. rec. (net)	1,494,037	1,407,433
Inventories	2,156,735	1,843,821
Fixed assets (net)	6,413,690	5,298,978
Goodwill	2,500,000	3,250,000
Accts. payable	742,722	324,949
Funded debt	4,160,000	4,360,000

Can. Foreign Investment Reduces Capital Stock

From Our Own Correspondent

MONTREAL.—Canadian Foreign Investment Corp. advises the Montreal Stock Exchange that a special meeting of shareholders approved a by-law to reduce capital stock to 7,988 shares of 8% cumulative preferred at $100 par value and 75,000 no par value common shares. There will now be outstanding $7,966 preferred, and 73,416 common shares.

Dosco Pig Iron Output Is Higher

From Our Own Correspondent

MONTREAL. — Dominion Steel & Coal Co. produced 36,000 long tons of pig iron in January, compared with 34,000 tons in the same month last year. This compares with 35,000 tons in Dec., 1940, according to the Dominion Bureau of Statistics.

Modernizing Company Reports

Value of Better Presentations by Companies Shown in Survey

Increasing interest in annual reports to stockholders and their better presentation both in Canada and the United States is reflected in the survey recently published by the Metropolitan Life Insurance Co.

The annual report, says this survey, is primarily an accounting of the condition and progress of the company during the year. It is the chief way, not only to tell stockholders what they should know about the business, but also to interest stockholders in the welfare of their business.

The tremendous growth in numbers of stockholders in the last 20 years has brought in many small investors and a large proportion of women. Many are not familiar with the language of accountants and do not feel at home with figures. In fact, states the survey, figures cannot tell a complete story even to accountants.

The survey analyzes 216 annual reports. Also, 76 corporations were consulted, 71 stockholders were asked to tell what they thought of the annual reports they were receiving.

Make Good Reading

The annual report invites attention by good art work, good layout, good paper and typography, comments the survey. "It looks like an enjoyable half-hour's reading. And it is. Fact are made easy to understand by charts and illustrations. The text is informal and friendly."

Appearance of reports has changed. Different sizes of page have been adopted in an effort to find the most satisfactory. Most of these changes have been toward a larger size sheet. The survey continues: "These changes in appearance are not isolated instances. A review of the 216 annual reports shows 48% use color on their covers; 22% have pictorial covers; 34% use charts; 34% photographs; 16% drawings and 13% maps."

In the financial statements presented by these reports, two trends are apparent, the Metropolitan Life finds. The first is toward a simplification and the other toward greater itemization and fuller explanation of items in these treatments.

Simplifying Accounts

Trend toward simplification of statements "has its origin in the realization that many stockholders have little knowledge of accounting. Probably it has been hastened by the development of annual reports to employees." It is not always the large companies which have been outstanding in this trend. Some of the smaller ones, with assets of $500,000 or less, have led the way.

"Popularization of statements," the report continues, "while filling a real need especially in companies with a large number of stockholders, does not take the place of a statement detailed enough to satisfy the stockholder who wants to determine whether he will hold or sell his holdings. Financial statements in the annual report of today are better able to serve this purpose than they were 10 years or so ago. There is a trend toward greater itemization and more explanation of terms."

Desirable Features

The more desirable features in presentations have been summarized by the Metropolitan Life as follows:

1. Terms or items are defined, with notes to give more complete explanation. Visual aid is given by headings, indenting, bold type, etc.
2. Results are stated comparatively for two or more years.
3. Cash in foreign countries or in foreign currency is shown separately and the basis for valuing exchange or foreign balances is given. Reserve for foreign exchange depreciation is shown. Foreign investments are shown separately from domestic investments, and the country in which they are located is given.
4. The basis of property valuation is given; for investments market value may be noted. The amount of depreciation and of similar reserves is stated, itemized for dissimilar properties.
5. Accounts receivable show to what extend a company is in the installment business; are divided by groups of products or by groups of purchasers; show if accounts are safeguarded by adequate reserves for bad debts and amount of the reserve.
6. Inventories are reasonably classified and the basis of valuation is given; reserves for inventory losses are shown when inventories are large, or price fluctuations may occur.

Other "desirable features" suggested are that current liabilities be adequately classified. Such particulars concerning long-term obligations as maturity date and coupon rates are needed. Liability reserves should be classified and by their captions clearly indicate their purpose. The kinds of capital stock should be classified and earned surplus segregated from paid-in surplus or surplus arising from revaluation of assets.

Coming to the profit and loss statements, a question of primary interest to the investor in stocks, the past decade has seen a distinct effort both to give more information in the earnings statement and to make the information reasonably clear to the average investor. Still more information is wanted by some stockholders, particularly on sales and a more detailed profit analysis.

Want Sales Information

On sales, for example, they want to know how successful the company has been in selling its products; how its sales compare with previous years; what effect business conditions are having on sales and whether the company is getting a fair share of the market or is losing ground competitively. Charts are particularly helpful in presenting this type of information. It is important, for example, to show that dollar sales increases represent volume increases rather than changes in prices.

Some companies have ingenious ways of showing how they are maintaining their share of the available market without divulging too much information which might be of use to competitors. Certain companies show the relative importance of different types of business or purchasers, in their total picture.

"Helpful" Statements

Certain "helpful practices" are shown from the review of earnings statements:

1. Results are stated comparatively with those of one or more prior years.
2. Terms and items are defined and explained.
3. Income from sales or other operations is segregated from miscellaneous income and from extraordinary or non-recurring income applicable to other years. Income from both sources is classified. Some companies show gross as well as net sales. A few companies give sales by services or products. Cost of sales is shown by manufacturing and merchandising companies.
4. Operating expenses are segregated from miscellaneous expenses, extraordinary expenses or expenses chargeable to other years. Expenses are itemized with depreciation, interest charges, taxes and general selling and administrative expenses, at least, shown separately.
5. Some mining companies segregate depletion and depreciation.
6. When a company has foreign business, gain or loss from foreign exchange is shown. Profits or losses from foreign operations may be shown separately.
7. Utilities at times indicate adequacy of retirement reserve charges against operations.

Other Functions

The Metropolitan Life finds that the annual report has other functions. "Apparently a surprisingly large number of stockholders have only a vague idea of the functions of the companies in which they own stock." This is being clarified by the annual reports of a number of companies. Sometimes annual reports tell something of the organization of the company, what its management policies are.

"Stockholders are viewed as prospective buyers—and many annual reports are also sales promotion documents." Where and how the products of a company are sold is found illuminating to many stockholders.

Finally many companies are realizing the increasing importance of their relations to the public and have adopted programmes intended to promote goodwill.

Higher Costs Cut Profits Of McColl Co.

Oil Company's Results Less Favorable Despite Record Sales Volume

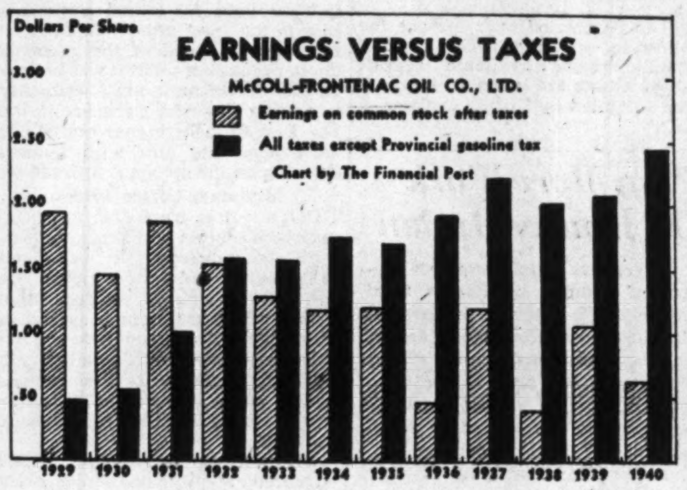
From Our Own Correspondent

MONTREAL.—Increase in operating profit of McColl-Frontenac Oil Co. in the 11 months period ended Dec. 31, 1940, was due to the largest volume of sales in the company's history, J. A. Wales, president, states in the annual report.

Relatively small increases that occurred in prices received for gasoline and other refined products were more than offset by higher operating costs. Most important of these were ocean tanker freight rates and war risk insurance, exchange premium on U. S. funds, war exchange tax, and a higher average cost for crude oil.

Taxation Burden Heavy

There was also an increase in income and "excess" profits tax of $292,397 over the year ended Jan. 31, 1940. This increase alone was equal to 33 cents on the 900,000 common shares outstanding. Reserve for depreciation of inventories of $150,000 was set up during the year, and depreciation provision was increased by $100,397.



The company redeemed $300,000 of its 3% serial bonds, and purchased $79,000 of preferred stock for redemption. It also spent $1.2 million on fixed assets. Capital expenditure included balance spent on the new cracking and re-forming unit at Toronto, other refinery improvements, and extensive marketing facilities.

Net working capital, notwithstanding these expenditures, increased by $341,604 to a record high of $6.6 millions.

Crude Refined Higher

There were 5.5 million bbls. of crude oil purchased for refining in the company's plants at Montreal and Toronto during the period, compared with 4.8 million bbls. in the year ended Jan. 31, 1940. Of this 191,868 bbls. of Trinidad crude came from the subsidiary, Antilles Petroleum (Trinidad). Balance was from various companies and shipments included crude oil from the Mid-Continent, Illinois, Texas, Louisiana, Trinidad and Colombian oil fields.

Mr. Wales states the company's first well, McColl-Frontenac Moss Mountain No. 1, is drilling at slightly over 4,000 ft. Certain evidences have occurred of gas and oil, but nothing to date has indicated commercial production.

Acquire New Leases

Under agreement dated April 22, 1940, with the Pilling interest, Mosse Securities and Moose Oils Ltd. the company purchased 7,220 acres of leases in the Moose Mountain area. Leases on approximately 3,500 acres in the area were obtained from other holders.

Drilling began on the company's first well on Oct. 31, 1940, about 2½ miles northwest of Moose Oil Company's Moose Mountain No. 1.

The company's new cracking and re-forming unit at Toronto was placed in operation in June. Approximately 48% of total crude oil refined was taken care of by this unit. Storage capacity was added. Modern polymerization units are being added in Toronto and Montreal refineries at a cost of approximately $252,000.

During 1940 McColl-Frontenac acquired a majority interest in B. C. Fuel Co., which had acted as a distributor in British Columbia for the Texas Co. of Canada. Interest of minority shareholders is shown in the balance sheet at $93,100.

Suspend Trinidad Drilling

Drilling new wells was discontinued at the wholly owned subsidiary, Antilles Petroleum Co., and other expenses were greatly curtailed to reduce advances from the parent company. Advance in the last period was $3,268, against $169,195 for the previous year. Production totalled 218,844 bbls., compared with 251,619 for the corresponding 11 months of 1939. There are 63 producing wells at present, and output is approximately 18,000 bbls. monthly.

Deficit for the company in Trinidad currency was $110,367 for the period, compared with $382,427 for the previous year. Balance of advances from McColl-Frontenac was $2.6 millions.

Pipe Line Profit Up

Frontenac Pipe Line Co., wholly owned subsidiary, showed net profit of $7,701 in U. S. currency for the 11 month period, against $6,034 for the previous year. Interest charges of $1,528 were paid McColl-Frontenac, but no dividends were declared.

At last record date the company had a total of 3,456 preferred shareholders and 7,061 common shareholders.

Easing of Restrictions On Imports is Seen

An increasing number of businessmen are insisting that final passage of the lease-lend bill in the United States will mean an easing up in the Ottawa embargoes against some non-British products, says Canadian Grocer. The reason given for this is that there won't be the same scramble for United States exchange that there has been recently.

Canadian Grocer reports hearing of a number of cases in which greater leeway has been allowed in bringing in prohibited products. These included items ranging from shelled peanuts to electrical equipment. Prospects that other countries such as the Netherlands East Indies may be included in the sterling bloc are also seen by Canadian Grocer.

No Shipping Space For Fish to Africa

OTTAWA.—Shipments of Canadian fish to South Africa are being held up because of lack of shipping. The authorities at Ottawa are unable to do anything to relieve this shortage, since all available bottoms are under the direct control of the Shipping Board, which is using them for essential war work.

Space to South Africa is available at New York but for Canadians to ship from that port would entail higher charges for rail transport.

Langley's Ltd. Earnings Up

Plant Modernized and Equipped to Cut Costs—Working Capital High

Although average prices were reduced in 1940, increasing sales of Langley's Ltd., Toronto, resulted in a marked improvement in earnings over 1939, officials tell The Financial Post. Earnings on the preferred stock are expected to be nearly as great as the $1.99 loss per share in 1939.

Reallocation of plant space and the installation of automatic conveyor systems have reduced labor costs and resulted in fewer interruptions in the flow of goods through the plant. Modern, highly specialized machinery has been installed, which permits workers to specialize on one or two operations, with a consequent increase in efficiency and output per worker. New laundering equipment has also been installed and will be in operation in March.

Full effect of the increased efficiency of the plant and equipment will not be reflected in the 1940 statement since the changes were carried out throughout the year. Officers of the company state that the alterations should result in substantially lower operating costs in 1941 and will provide protection against higher labor costs, the largest item in the company's operating expense.

Despite heavy capital expenditures, the company's working capital is at the highest level in its history. Working capital amounted to $163,543 at the end of 1939. All major expenditures were completed by the end of Feb., 1941.

U. S. Journals Meet Easy Censor

Canadian Officials Loath to Provide Isolationists With Fuel

From Our Own Correspondent

OTTAWA.—Reports that United States publications, like the Saturday Evening Post, submit advance copies to the censorship authorities in order to guard against the banning of issues from Canada are confirmed here.

These publications do not submit particular articles or stories for inspection but, rather, advance copies of whole issues. Thus in the event of the censors refusing admission to particular issues, the task of conforming with the decision is infinitely easier than stopping tens of thousands of copies already in the mails.

No Ban Yet

So far no issues of these publications have been banned because on balance the censors have not felt justified in condemning a complete issue. It is conceded, however, that now and again individual articles or editorials have been regarded as unfortunate. The instructions to censors declare that the ban must only fall on material judged "prejudicial to our war effort."

This is a rather loose description and in the view of the Government certainly includes the effect of a ban on American public opinion. In recent weeks Canada has received some hard cracks from United States publications — cracks which were plainly directed toward Washington in the hope of affecting the decision on the lend-lease bill. The Government at Ottawa is particularly anxious not to give the anti-British and the isolationist groups in the United States any arguments wherewith to buttress their case.

Ontario Wine Producers Organize Association

The Wine Producers Association, St. Catharines, has been formed among the 21 Government-licensed wine manufacturers in Ontario, it is announced. The Association is "to provide information about the quality and integrity of Ontario-made wines, and to serve as a clearing house for the steadily increasing knowledge of wine making."

Officers of the new Association are:

J. C. KNOWLES, vice-president, London.
NOAH TORNO, secretary, Toronto.
RALPH HENDERSON, Jordon and A.G. SAMPSON, Toronto, directors.

Brantford Salvage Drive Start for National Plan

Results possible from the national salvage campaign are foreshadowed by the salvage operations conducted by the Brantford Local Council of Women since June, 1940.

In the eight months since the campaign was started several hundred tons of materials have been salvaged including 230 tons of paper and 34 tons of rags and substantial quantities of metals, tires, etc. The net profit is about $250 a month.

The campaign is conducted on a straight business basis with the exception, of course, that the work is all voluntary. Great care is taken also that there shall be no interference with regular dealers in the materials that are being salvaged. Selling prices are checked carefully with those prevailing on the market, so that there is no unfair competition. The Brantford women now propose to incorporate their salvage branch under the War Charities Act.

According to the financial statement for the period from June to Dec. 31, salvaged materials were sold for $5,087.

Total expenditures amounted to $2,128, the main items of expense being $491 for bags, $318 for truck operation and $1,102 for warehouse expenses.

From the net proceeds of $2,959, $1,000 was given to the Red Cross and allied war services and $500 to the war charities fund of the Local Council of Women at Brantford. The surplus for the period was $1,459.

Full Co-operation

According to Mrs. George Cockshutt, president of the Brantford Local Council of Women, Brantford citizens are co-operating loyally in the campaign. Voluntary assistance has been given by members of the city welfare department and the firemen help two days a week in the collection of heavy materials.

The whole municipal organization is co-operating wholeheartedly, it is understood. The city has provided an unused warehouse in which materials may be stored without cost. Men and women drawing relief from the city who help in the campaign are given credit for the salvage work done which the city accepts as an offset against the relief provided them. This co-operation by the municipality is regarded as one of the basic essentials for the success of the campaign.

One point that experience has shown to be important is the need of co-operation in all cities between the garbage collection and the salvage campaign. Many things it has been found are taken to the dump in the garbage wagons which could, with advantage, be salvaged.

Voluntary girl drivers work in shifts from 9 a.m. to 9 p.m. driving a 1934 half ton truck which is kept in repair from salvage. The depot was visited by Hon. J. G. Gardiner, Minister of War Services; Mr. Justice T. C. Davis, deputy minister of War Services, and other Government officials prior to the announcement of the national campaign by Mr. Gardiner.

The Brantford organization, it is stated, has helped set up 50 similar campaigns across Canada. Thus it brings to the recently announced national plan a system which has already been working successfully for eight months.

Company Reports

Canada Starch

Profit of Canada Starch Co. in 1940 was little changed from the previous year. Net profit was equivalent to earnings on the 7% non-cumulative preferred stock of $11.40 and $2.28 a share on the common stock. This compares with $11.29 and $2.22 in 1939.

Book value of goodwill and other intangibles was written down by $50,000, compared with $58,126 for the same purpose last year. Net working capital showed relatively little change from last year.

Cons. Income and Surplus Account
Years Ended Dec. 31

	1940	1939
	$	$
Gross oper. profit	681,349	677,568
Less: Exec. salaries	69,250	66,130
Directors' fees	1,160	1,160
Legal fees	479	1,689
Net oper. profit	610,460	608,589
Add: Invest. rev.	3,698	4,313
Subsid. divd.	22,000	12,000
Net earnings	636,158	624,902
Less: Depreciation	108,324	176,894
Inv. sale loss	301	4,444
Inc. tax res.	177,700	97,000
Net profit	349,833	346,564
Less: Pref. divds.	214,837	214,837
Common divds.	29,663	29,663
Surplus for year	105,333	102,064
Add: Prev. surplus	574,574	594,915
Less: Prior inc. tax	7,433	......
Superannuation prov.	......	25,000
Goodwill w/o	50,000	58,126
Contingencies prov.	25,000	......
Loss assets sold	......	24,448
Common divds.	......	14,831
Surplus forward	597,474	574,574

Working Capital

	1940	1939
	$	$
Current assets	2,137,290	1,985,438
Current liabilities	530,055	352,500
Working capital	1,607,235	1,632,938

Balance Sheet Changes

	1940	1939
	$	$
Cash	32,375	106,601
Call loan	......	40,000
Accts. rec. (net)	506,619	452,804
Inventories	1,524,233	1,238,418
Investments	74,063	147,615
Goodwill, etc.	300,000	350,000
Accts. pay., etc.	102,229	78,533
Owing subsid. co.	141,608	......

Investment Bond

Investment Bond and Share Corp. reports gross revenue of $84,499 in 1940, against $80,283 in the preceding year. Increase to $9,956 in exchange on debenture interest, however, increased loss for the year to $35,322 from $29,241 in 1939.

Investment valuation at the end of 1940 totalled $1.3 million in Canadian funds, compared with $1.5 million at Dec. 31, 1939.

The corporation's call loan at the close of the year of $200,000 in U. S. funds and exchange reserve of $20,000 remained unchanged from the end of the previous year.

Changes in investment holdings during the year resulted in net profits of $43,538, after crediting discount on $27,500 principal amount of the corporation's own debentures cancelled.

Break-up of the corporation's outstanding debentures at the end of the year was $61.18 and accrued interest for $100 debentures, compared with $72.88 at Dec. 31, 1939.

By purchase and cancellation of $27,500 of its debentures during 1940 the corporation reduced outstanding debenture debt to $1.8 million from $4 millions originally issued.

The corporation's portfolio included $15.58% of bonds by valuation at the end of 1940, compared with 13.69%; preferred stocks, 31.95%, against 27.45%; common stocks, 51.75%, compared with 56.54%, and cash, 0.72%, against 2.32%.

Income and Deficit Account
Years Ended Dec. 31

	1940	1939
	$	$
Gross revenue	84,499	80,283
Less: Gen. exp.	9,330	10,302
Loan interest	6,090	3,081
Debenture interest	89,329	91,016
Foreign exchange	9,956	537
Taxes	5,116	4,588
Loss for year	35,322	29,241
Add: Prev. deficit	85,212	42,271
U. S. exchange	......	13,700
Deficit forward	120,534	85,212

Pressed Metals

Pressed Metals of America reports sales of $4.3 millions in 1940. This is a new record for the company and compares with $3.5 millions in 1939. Net profits also gained, amounting to $1.46 a share last year against $1.23 a share in the previous year and being close to the previous record earnings of $1.51 a share in 1937.

J. W. Leighton, president, reports that sales for January and February continued on a "full production level."

Chief change in the balance sheet this year is a rise in cash on hand to $376,218 from $44,837 a year ago. Investment in machinery and equipment is up about $140,000 to $1.6 million. Mr. Leighton mentions that the company has purchased seven acres adjoining its property to facilitate handling of freight, improve facilities for employee parking and for plant expansion "should the company be called upon to furnish war materials."

Income and Surplus Account
Years Ended Dec. 31

	1940	1939
	$	$
Operating profit	761,063	521,346
Less: Depreciation	114,766	101,876
Income taxes	251,492	82,809
Capital stock tax	1,600	5,000
Loss on equipment	3,109	......
Add: Profit on rl. est.	2,116	......
Net profit	392,212	331,661
Less: Dividends	268,570	......
Surplus for year	123,642	331,661
Add: Prev. surplus	823,230	494,785
Less: Prior year tax	......	3,216
Surplus forward	946,872	823,230
Earned per Share	1.46	$1.23
Paid	1.00	nil
Shares O/s., $1 par	268,570	268,570

Working Capital

	1940	1939
	$	$
Current assets	1,319,364	955,325
Current liabilities	536,061	275,632
Working capital	783,303	679,693

Ottawa Light

Ottawa Light, Heat & Power Co. reports slightly higher operating profit in 1940, but increased provision for taxes lowered net profit. The latter was equivalent to earnings on 5% preferred of 10.40% and compared with 13.80% in 1939. Common earnings amounted to 65 cents against $1.07 a share the year previous.

Payment of $1 a share on the common stock resulted in a deficit for the year of $48,267, against a surplus of $9,518 in 1939.

Frederic E. Bronson, president, states in the annual report that 1940 taxation amounted to $273,051, equal to 42% of combined profits from operation, after depreciation, but before taxes. This compares with $218,603, or 34% in 1939. Mr. Bronson adds that the increasing burden of taxation is bound to affect returns to shareholders.

Expenditure of $234,168 was made on capital account on a substation and additional transmission lines. This compares with $298,742 in 1939.

At the end of the year the company, which had been a holding company for its two wholly owned subsidiaries since 1906, became an operating company. The two subsidiaries, Ottawa Electric Co. and Ottawa Gas Co. transferred assets and business at Dec. 31. It is expected that the company will benefit in the current year from simplification of capital structure.

Income and Surplus Account
Years Ended Dec. 31

	1940	1939
	$	$
Operating profit	1,011,767	1,010,558
Less: Exec. sals.	22,780	22,690
Legal fees	253	386
Directors' fees	3,240	3,180
Gross oper. inc.	985,494	984,302
Other income	875	6,806
Total income	986,369	991,108
Less: Depreciation	347,727	345,000
Mun. & prov. taxes	160,487	160,643
Bond interest	186,647	192,987
Bond premium	2,210	......
Income tax	112,565	57,960
Net profit	176,733	234,518
Less: Pref. divds.	85,000	85,000
Com. divds.	140,000	140,000
Surplus for year	*48,267	9,518
Add: Prev. surplus	536,343	518,181
Surplus forward	488,343	527,699

*Deficit.

Working Capital

	1940	1939
	$	$
Current assets	630,231	750,711
Current liabilities	373,573	347,233
Working capital	257,658	358,478

Melchers Ltd.

Operating profit of Melchers Distilleries Ltd. increased to $167,159 in 1940 from $117,080 in the previous year. After higher taxation, net profit amounted to $85,869 against $77.086, equal to earnings on the 6% preferred stock of $10 par value, of 68 cents and 62 cents respectively.

Sales in the first six months of the year were below those of the same period in 1939, according to Hon. Victor Marchand, president. After the Dominion budget public confidence, which had cut buying, returned and in July sales moved upward.

Outlook for the current year is promising, Mr. Marchand declares. To replace inventories the company's plant will remain open until navigation. After that it is expected that the company will manufacture alcohol for munitions purposes.

Income and Surplus Account
Years Ended Dec. 31

	1940	1939
	$	$
Operating profit	167,159	117,080
Less: Depreciation	21,290	19,594
Income tax	60,000	20,400
Net profit	85,869	77,086
Less: Pref. divds.	37,500	75,000
Surplus for year	48,369	2,086
Add: Prev. surplus	94,741	92,655
Less: Prior adj.	1,643	......
Surplus forward	141,467	94,741

Working Capital

	1940	1939
	$	$
Current assets	897,592	769,436
Current liabilities	251,067	182,299
Working capital	646,525	587,137

Balance Sheet Changes

	1940	1939
	$	$
Cash	25,469	6,635
Accts. rec. (net)	231,872	173,437
Inventories	640,251	589,364
Bank loan	125,000	90,000

3rd Can. Gen. Investment

Third Canadian General Investment Trust Ltd. reports net profits for 1940 equivalent to 16 cents a share compared with 15 cents a share for 1939. Dividends paid last year totalled 12½ cents a share against 11 cents for 1939. The company has declared another 12½ cents a share dividend along with an extra of 2½ cents, payable April 1, 1941, to shareholders of record Feb. 28.

Securities were valued at $1.9 million at the end of last December, representing an excess over book value of $339,309. This figure compares with $2.1 millions a year earlier. The company's net assets amounted to $2.1 millions at the end of 1940, making a per share value for net assets of $3.06 against $3.27 a share at the end of 1939.

Net profits of $40,653 were realized as a result of changes made in the portfolio. This amount, together with $7,818 received on investments previously written off, was added to capital surplus distributable account, bringing this account to $791,343.

Balance sheet shows cash of $83,028 on hand at the end of 1940. This compares with $1,961 at the end of 1938 and is far larger cash holding than this trust has shown before.

Income and Surplus Account
Years Ended Dec. 31

	1940	1939
	$	$
Investment income	126,011	113,979
Add: Other income	96	72
Total income	126,107	114,051
Less: Int. on loan	1,826	407
Management fee	6,750	6,750
Directors' fees	550	600
Legal fees	......	464
Miscellaneous	1,031	1,020
Income & E. P. tax	10,000	4,029
Net profit	105,950	100,781
Less: Dividends	81,749	71,939
Surplus for year	24,201	28,842
Add: Prev. surplus	190,593	162,319
Less: Addit. taxes	605	568
Surplus forward	214,189	190,593
Earned per Share	$0.16	$0.15
Paid	0.12½	0.11
Shares O/s., $1 par	653,994	653,994
Net Assets per Share	$3.06	$3.27

Tooke Bros.

More satisfactory operations are revealed by the financial statements of Tooke Bros. Ltd. for the year ended Dec. 31, 1940. After increase in depreciation allowance to $26,137 from $10,000, and provision for income and "excess" profits taxes, net profit increased to $26,068 from $91. This was equal to earnings on the 7% preferred stock of $2.64 and one cent, respectively. Dividends have not been paid on the preferred since June 30, 1931, and at Dec. 31 arrears totalled $86.50 a share.

Inventories totalled $365,608 at Dec. 31, 1940, against $342,261 at the end of the preceding year. Bank loan rose to $342,000 from $73,000 because of discontinuance of discounting customers' paper. Net working capital increased $41,035 to $417,648, despite capital expenditures and reduction in outstanding funded debt.

H. H. Woodward, president, states in the annual report that prospects for the current year are encouraging, as unfilled orders on the company's books are higher than a year ago.

Consol. Income and Deficit Account
Years Ended Dec. 31

	1940	1939
	$	$
Operating profit	102,759	42,971
Less: Exec. sals.	25,217	21,240
Directors' fees	565	......
Legal fees	......	45
Add: Divds. rec.	17	16
Net earnings	76,994	21,702
Less: Depreciation	26,137	10,000
Bond interest	9,624	10,412
Inc. & profits tax	15,000	......
Bond purch. prem.	165	1,199
Net profit	26,068	91
Less: Prev. deficit	253,034	253,125
Prior inc. tax	1,140	......
Sales taxes	1,444	......
Deficit forward	229,550	253,054

Working Capital

	1940	1939
	$	$
Current assets	825,105	550,709
Current liabilities	407,457	174,097
Working capital	417,648	376,612

Balance Sheet Changes

	1940	1939
	$	$
Cash	9,780	4,126
Accts. rec. (net)	449,164	204,020
Bank loan	342,000	73,000
Funded debt	135,400	150,400

Grull Wihksne Gold Mines reports Superintendent of Brokers for British Columbia has given consent to release balance of 83,345 shares from escrow.

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Answering the Empire's Call For Munitions, Armaments and War Equipment —

During World War No. 1, when our manufacturers received an urgent call for munitions, Canadian Machinery, as early as 1915, commenced the publication of articles on methods of making shells, cartridge cases and fuses, which continued in a steady stream until the armistice called a halt. Those articles were of untold help to Canadian manufacturers and were widely copied in all allied countries.

As soon as it appeared certain that Canada would be called upon to manufacture munitions in this war, Canadian Machinery commenced the publication of articles giving detailed instructions on the best known methods in machine shop, foundry, welding department, heat-treating shop, tool room, designing room and erection shop for making guns, shells, mechanized vehicles, aircraft and many other war requirements. Frequently the instructions preceded the need. Manufacturers have exhausted Canadian Machinery's files searching for information. Problems created by wartime laws and restrictions, customs changes, new taxation, priorities, controlled products, etc., have been discussed.

Labor shortages have been revealed, labor training methods have been featured and courses of instruction published. Manufacturing methods in England and the United States have been studied and reported. Hundreds of photographs and drawings have been made, and graphs, charts and data sheets prepared, to assist production men in war work.

Canadian Machinery even contributed an editor to help the war production programme.

New equipment, tools and supplies have been promptly described and illustrated. Buyers of equipment can turn to Canadian Machinery as a reliable index of what is available. The Annual Directory Number, published in December, contained a complete directory of sources of supply. This number was the largest issue of any Canadian trade or technical paper ever published. It contained 460 pages.

In addition to its special service to war industries, Canadian Machinery maintains its regular service to other industries, pointing the way to greater efficiency and resultant economies. This is an economic war, and victory will come to the nations best able to stand the economic strain. At a time like this Canadian Machinery plays a rôle that is doubly valuable in that it not only tells men how to do their job, but how to do it most efficiently.

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'GEARED TO "ALL OUT" WAR EFFORT

Week in Mining

Ontario Gold Mines Set New Tonnage Record

More Ore Treated In January Than Ever Before — Production Declines As Grade of Ore Treated Shows Drop

With 63 mills in operation during the month of January, Ontario gold mines treated a greater tonnage of ore than in any previous month in the province's history. Altogether 997,265 tons of ore were milled—nearly a million tons—with the daily average amounting to 32,788 tons compared with 32,170 tons for December.

Value of production shows considerable fluctuation, month to month, and in January was lower at $10,066,417 compared with $10,511,958 for December. Treatment of a lower average grade of ore was the cause, recovery dropping from $10.54 to $9.90 a ton. One new producer—Hoyle Gold Mines—was added in January and its output will be included in the February totals.

Americans Still Interested

In spite of the war and the uncertainties of exchange, American investors are still taking a real interest in Canada's mining industry. Earlier this week a group of American bankers and industrialists visited Toronto after spending a few days in Porcupine, Canada's most outstanding gold mining field.

Among the people in the party were John G. Jones, George Blair and Richard van Derhoef, all of Eastman Kodak; Harvey Haddleston, a retired vice-president of Socony Oil Co. of N. Y.; Arthur Lauterback, a banker; and Oliver Sumner, a real estate man. Two Toronto men, Ewart R. Angus and Joseph Montgomery, were in the party.

Some of the Americans in the party have been contributing to the financing of Unity Porcupine Mines and Exploration Ltd., a big exploration project in west Porcupine under the direction of Naybob interests.

* * *

After Better Practices

Unlisted brokers are finally getting together in an attempt to regularize dealings in unlisted securities. It is felt that if present malpractices can be eliminated, more money will be forthcoming for junior mines.

To work toward this end a special meeting of registered brokers was held last week to discuss the current situation. In the future, it is now expected that qualified registered brokers will keep an eye open to see that the stock salesman keeps on the "straight and narrow path." Any firm which engages in sharp practices too is liable to find itself "blackballed" by respectable brokerage houses. As it has been expressed recently, the whole brokerage profession is at present getting blamed for the sins of the few.

* * *

Watch World Events

If any barometer were needed to show how the wind of international events has been blowing in recent weeks, it probably could have been supplied by the Toronto mining market. Day after day the mining market has dropped when things looked gloomy, rallied a trifle when things brightened up.

To many mining-minded people the poor support received by some of the now well-established junior golds has been rather surprising. They still show a much greater fluctuation both upward and downward than the senior golds which move within relatively narrow limits. It is possible that the senior golds are in stronger hands than the junior golds which have quite a strong speculative following.

* * *

Mining Fortune Fickle

Mining fortune is often a fickle thing. While Bankfield Consolidated Gold Mines is now milling the last of its ore in its main ore zones which have not been found to continue to depth, the company may still have another ore chance ahead of it as good as anything in the company's history. It may be a very expensive chance to investigate, however.

Adjoining Bankfield to the east is Magnet Consolidated Mines which has been experiencing much the best results in its history as work has reached greater depth. As work has reached depth, however, ore has shown a tendency to rake west, suggesting that it will strike into Bankfield ground at great depths. Just now the bottom or 1,000-ft. level of Magnet is continuing in ore to the west, 1,600 ft. from the boundary. From present indications Bankfield may get this ore at about 3,000-ft. depth.

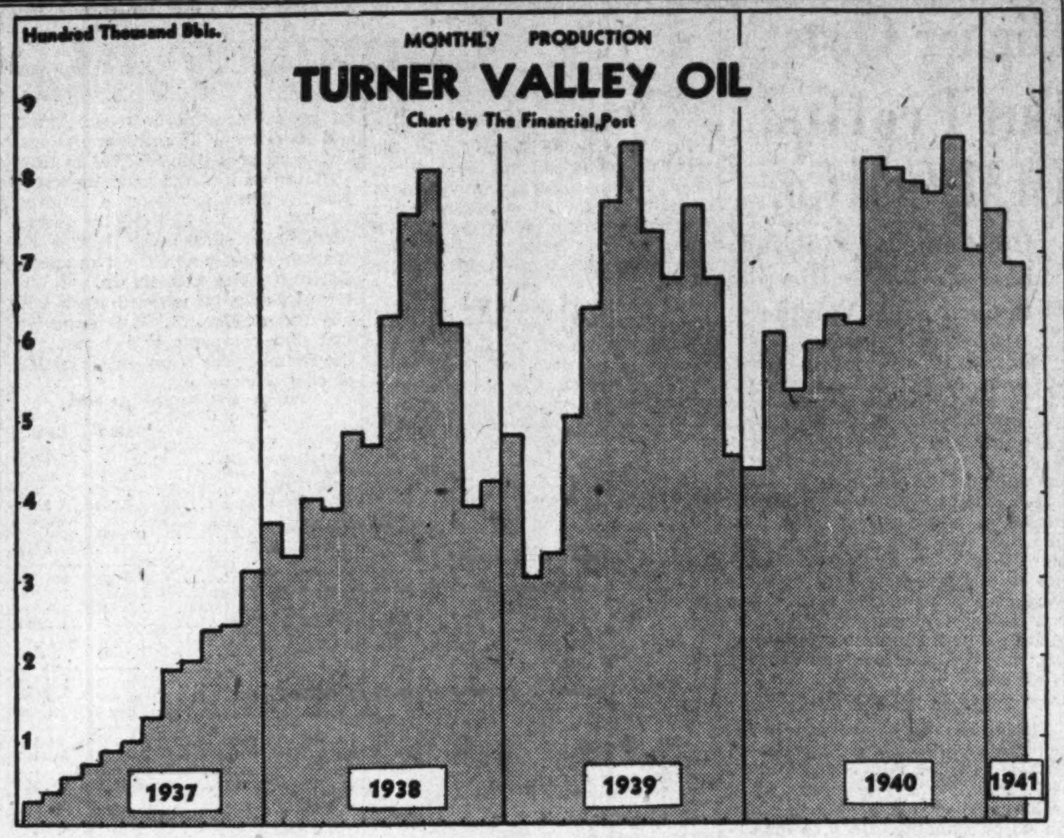
Bankfield has extended its workings into this north area, but a new shaft will be required to investigate depth possibilities. Consideration is being given to conserving the present fairly strong treasury position, so depth possibilities can be investigated.

* * *

Another Odd Occurrence

Speaking of geological peculiarities, the Beardmore area has at least one outstanding feature of great interest. A few years ago Northern Empire Mines Co. found its ore zone cut off by a diabase sill about 550 ft. thick. Sinking the shaft through the sill, the company was again able to pick up its ore zone.

Now two other mines in the same area—Leitch and Sand River—have found apparently the same diabase sill. At Leitch Gold Mines—four miles from Northern Empire—the sill has been found in drilling at 1,850 ft. depth. Sand River adjoining Leitch has not only revealed the sill in drilling, but has shown it to have a thickness of 550 ft. Both mines expect to find their ore zones unchanged below the sill as the sill itself is now known to be post ore.



OIL OUTPUT STEADY

The chart above illustrates the way provision of extra storage facilities for oil is allowing Turner Valley wells to be operated steadily through the year, giving both more rapid exploitation of oil resources and steadier income for owners of oil royalties.

Prior to 1940 each winter marked a sharp drop in demand for oil and production from Valley wells. Now extra storage allows winter production to be carried over for use the following summer when demand usually passes available supply. Above charts are based on information compiled by Clifton C. Cross & Co.

Details Steep Rock Plans For Open Pit Mining

Plans now being arranged by Steep Rock Iron Mines to allow open pit mining of the indicated high-grade iron ore deposits were announced by Joseph Errington, the company's president, in a statement this week.

High lights of these plans include:

1. Draining of Steep Rock Lake after diversion of the Seine River to a route several miles away.
2. Removal of a hydro-electric plant with negotiations for this now in progress.
3. Securing of a power supply from the Ontario Government with plans already submitted for this.
4. Continuance of a further programme of drilling recommended by independent engineers which has been giving satisfactory results.

Details of the announcement made by Mr. Errington are as follows:

"By the end of 1940 the extensive exploration and development programme, covering both surface diamond drilling and underground work, had proved the existence of three large bodies of high-grade iron ore under the waters of Steep Rock Lake. The lateral extent of two of these ore bodies had been fairly well outlined, and continuity to depth had been indicated by several deep holes which obtained good ore intersections at depths ranging to 1,400 ft. vertically below the surface of the lake. The underground work demonstrated, however, that it would be impractical to mine any of this ore until Steep Rock Lake was drained.

"In order to have an independent report as a check on the conclusions of the company's engineers, the services of an outstanding mining geologist, and a mining engineer, each with a lifetime of experience on the U. S. iron ranges, were engaged. This report confirmed the conclusions of the company's engineers as to the size and importance of the iron ore bodies, but recommended that some further detailed drilling should be done to precisely establish the average grade of ore which will be mined in the initial open pit operation. A further drilling campaign is now under way, carrying out these recommendations, with very satisfactory results to date.

"A thorough study of the problem of draining Steep Rock Lake has been made by the company's engineers. The lake is really an expansion of the Seine River, occupying a deep basin which is the result of erosion in the soft rock formations in which the ore bodies occur. It will be necessary to divert the waters of the Seine River, around the outside of this basin, before pumping out the lake can be started upon. Fortunately this diversion can be made in such a manner that a solid ridge of granite, in general several miles wide, will be left between the new channel of the Seine River and the basin of Steep Rock Lake, which will preclude the possibility of the water breaking into the basin after it has been pumped out.

"This diversion will necessitate the moving, or elimination, of an existing hydro-electric power plant, and negotiations to this end are now in progress with the owners of this plant. Other negotiations are also in progress with the Ontario Government and the Ontario Hydro-Electric Power Commission to obtain permission to proceed with the diversion and to obtain the hydro-electric power necessary for the pumping out of Steep Rock Lake and for the mining operations which will be carried on after the lake has been pumped out.

"While the draining of the Steep Rock Lake basin has been proved to be an essential preliminary to any mining operations, it will permit mining for a number of years by open pit methods from the tops of at least two ore bodies. The saving in mining costs on the tonnage which will be mined in this manner will in the long run amount to several times the estimated cost of the diversion and drainage project."

Plan More Work On Howey Option

Aggressive exploration is reported planned by Howey Gold Mines on its optioned property of 12 claims located six miles west of the company's own property in the Red Lake area this coming spring. Further surface work is expected, to be followed by a programme of diamond drilling.

In the short amount of time available before winter set in last year, a sheared zone was open up for a length of 300 ft. with widths up to 30 ft. disclosed. Strong mineralization is stated to be present with assays giving considerable encouragement. The claims are readily accessible by water route.

Chesterville Output Hit By Change-over

Production of Chesterville Larder Lake Gold Mining Co. declined to $116,955 in February from $148,806 in January. Recovery per ton in February, however, was a new record at $7.10.

There were two chief reasons for decline in total value of output in February. First of all, output was lower than average due to loss of five days' milling time when the company changed over to a new headframe. Secondly, there were three days less milling time in February than January.

Commodities

Markets Show Firmer Tone

High Ocean Freight Rates and Price Fixing Expedients Responsible

Although commodity markets have continued highly erratic, price advances have been more numerous than declines, and the general tone has been firmer.

One of the main factors responsible was the indication that the Washington Government would continue and might increase loans to growers of the five most important U. S. crops, wheat, corn, cotton, rice and tobacco. These loans tend to restrict the quantity of each commodity offered on the open market and so help to strengthen prices.

Another factor was the war situation. This had a varying effect.

In cotton, for instance, the continuation of hostilities was seen as curtailing the European demand still further. This tended to weaken the markets.

Cocoa Freights Rise

In other commodities the difficulty in obtaining shipping had a strengthening effect. Ocean freight rates on cocoa from the West African Coast to New York for March shipments rose to $29 from $20 a ton. Nothing further was heard of the reported quota negotiations, but it was believed they were continuing. Difficulty in getting ocean freight space in the Far East brought higher quotations on rubber and silk with holders showing an independent attitude.

Minimum Coffee Prices

Coffee prices were firm in consequence of reports that Brazil, following Colombia's example, was about to establish minimum prices on coffee for export. It was stated that Brazil would maintain a spread of about 2½ cents a pound between her prices and those of Colombia. As Colombia's prices are five cents a pound above the recent Brazilian level a rise in Brazilian coffee seems probable.

Fluctuations in livestock prices appeared mainly due to current deliveries as they were light or heavy in relation to demand. No real change in the basic situation was indicated.

	Latest week	Previous week	Same week last yr.
Cattle	$9.75	$10.00	$7.50
Hogs	11.60	11.40	12.15
Copper, lb.	.12	.12	.11½
Cotton, lb.	.1090	.1086	.1115
Rubber, lb.	.2075	.2087	.1867
Silk, lb.	2.70	2.67½	3.05½
Sugar, raw, lb.	.0315	.0305	.0285
Wheat, Man. (bu.)	.75½	.75⅛	.86⅛
Coffee, lb.	.06	.06	.05⅝
Hides	.13	.12	.12½
Weekly Indices			
Canada (D.B.S.)	85.1	85.0	83.0
Do., Wood, Gundy	67.7	67.9	68.3
U. S. Labor	80.4	80.5	78.6
Dow Jones (future)	58.03	56.59	58.88
Fishers'	...	85.9	...
Monthly Indices			
Canada (D.B.S.):			
Retail (Jan.)	108.3	108.0	103.8
W'sale (Dec.)	84.2	84.0	81.7
U. S. (Nov.)	79.6	78.7	79.2

Note:—The base of indices is that 1926 equals 100. *Base 1935-38=100.

Base of price quotations is as follows: Cattle—Steers, good, over 1,050 lb., top price, Toronto. Copper-electrolytic, New York. Silk—Crack db., 13-15 New York. Sugar—96 degrees centrifugal c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis. Hides—No. 1 packer light.

March Dividends Decline But Cumulative is Up

Dividend payments by Canadian companies in March this year will amount to $27.3 millions, a decrease of $1.4 million from the corresponding month a year ago, according to an estimate by The Financial Post.

In spite of the decline this month, the cumulative total for the first quarter of this year is estimated at $61 millions, or $2.5 millions above that for the corresponding period a year ago.

Four companies are paying extras this month. The list includes Asbestos Corp. with 15 cents a share, Canadian Mineral Equities with five cents a share on both preferred and common, Central Patricia with two cents a share, Imperial Tobacco with 22½ cents a share on its ordinary stock and Perron Gold with one cent a share.

J. S. Mitchell announces an increase in its rate of payment to $2.50 a share annually from $2 a share in 1940.

Initial dividends are being paid by Aunor Gold with four cents a share and Grandview Mines with half a cent a share. Capital Trust Co. is resuming payments with $1 a share, first dividend since 1937; Langley's is paying fifty cents a share, first payment since $1 a share was paid in March, 1939. New Method Laundry is paying $1.62½ a share on its preferred first payment since the same amount was disbursed a year ago and Ymir Yankee is paying two cents a share this month after omitting any dividends since one cent was paid in Dec., 1937.

International Mining has decided not to pay any dividends this month and to take up the question of a payment in May.

Monthly Dividends

	1941 $	1940 $
January	23,026,402	22,938,309
February	10,655,895	6,779,319
March	27,345,235	28,740,412
Total	61,027,532	58,458,040

Summary of March Payments

	1941 $	1940 $
Dividends	27,345,235	28,740,412
Bond interest	12,818,000	14,249,000
Total	40,163,235	42,989,412

Dividend Payments Industrials and Utilities

Company:	Rate $	Date	Amount $
Agnew Surpass, c.	.40s	1	31,850
Aluminium	2	5	1,488,820
Do., pref.	†1.50q	1	118,494
Anglo Can. Tele., A	.15q	1	73,065
Assoc. Breweries	.25q	31	59,500
Asbestos Corp.	.15q	31	90,000
Do., extra	.15	31	90,000
Bathurst P. & Pap., A	.25	1	100,000
Bright, T. G.	.07½q	15	7,500
Do., pref.	1.50q	15	11,181
Canada Cement, pfd.	1.25q	20	251,086
Can. Crushed Stone	▪.10	31	6,374
Canada Dry	†.15	24	92,273
Can. & Dom. Sugar	▪.37½q	1	562,500
Can. F. & Forgings, A	.37½q	15	14,227
Canada Malting	.50q	15	99,486
Canada Vinegars	.10q	1	9,200
Can. Wire & Cable, A	1q	15	29,669
Do., B	.50	15	75,331
Do., pref.	1.62½q	15	46,704
Can. Celanese	.25q	31	65,102
Do., pref.	1.75q	31	175,000
Do., participating	.60	31	60,000
Do., Inc. Fd. rts.	1a	15	73,971
Cap. Wire Cloth, p.	.38q	1	3,800
David & Frere, A	.25q	31	5,750
Distillers-Seag., c.	‡.55½q	15	972,718
Dom. Envelope, 1st p.	1.75q	1	7,402
Dom. Fdy. & Stl., p.	1.50q	1	18,000
Electrolux	†.20	15	247,500
English Elec. "A"	.62½q	15	26,622
Famous Players	.25q	29	107,631
Ford Motor, A B	.25q	15	414,740
Gatineau Pwr. C.	.20q	31	332,405
Ham. Un. Theatre, pf.	1.25	31	9,070
Imperial Tob., ord.	.10q	31	945,103
Do., extra	.22½	31	2,126,482
Do., pref.	3%s	31	240,000
Kelvinator	▪.25q	10	25,000
Lake of W. Mill., p.	1.75q	1	26,250
Langley's, pref.	▪.50	12	2,828
Laura Secord	.20q	1	57,500
Loblaw Groc., A B	.25q	1	207,089
Louisiana Land	†.10q	15	296,513
MacKinnon Steel, p.	▴1.25	15	5,937
Marcus Loew's, p.	1.75q	31	11,442
Do., arrears	1.75	31	11,442
Mitchell, J. S., c.	2.50a	1	37,500
Monarch Knitting, p.	7	21	52,500
Montreal Cottons	1q	15	30,000
Do., pref.	1.75q	15	52,500
Nan-Dun. Util., p.	.81¼q	1	6,500
New Meth. Ldy., p.	1.62½	1	4,062
Northwest. Util., p.	1.50q	1	15,189
N. S. Light & Pr., p.	1.50q	1	36,450
Ogilvie Flour, pfd.	1.75q	1	35,000
Paton Mfg.	.50q	15	5,000
Do., pref.	1.75q	15	10,500
Photo Engravers	.50c	1	15,000
Pressed Metals	.25	1	67,144
Regent Knit., pfd.	.40q	1	6,400
Do., com.	.25	15	16,252
Reliance Grain, p.	1.62½q	15	32,500
Rolland Paper, pfd.	1.50q	1	22,500
Simon & Sons	.15q	29	4,507
Do., pref.	1.75q	29	4,635
Toronto Elevators, p.	.65q	7	19,298
Union Gas	.20q	15	141,239
Walker-Good.	1q	15	724,004
Do., pref.	.25q	[illegible]	140,204
West. Can. Hydro, p.	.20q	1	10,762
Total			11,222,203
Mining Companies			
Aunor Gold	•.04	29	80,000
Beattie Gold	.04	15	192,506
Can. Malartic	▪.02	26	73,027
Can. Min. Eq., p. c.	▪.10	15	10,374
Do., extra	▪.05	15	5,187
Central Patricia	.04	31	100,000
Do., extra	.02	31	50,000
Coniaurum Mines	▪.04	20	110,669
East Malartic	.10	25	400,000
Granby Cons.	†.15	1	67,539
Grandview Mines	•†.00½	20	14,998
Hallnor Mines	.15	1	300,000
Hollinger Cons.	.05	25	246,000
Howe Sound	†.75q	31	355,717
Inter. Nickel, c.	†.50q	31	7,292,012
Lake Shore Mines	▪.50q	15	1,000,000
Macassa Mines	.08q	15	214,245
McIntyre Porc.	.55½q	1	442,890
McKen. R. Lake	.03q	15	88,050
Noranda Mines	1	15	2,239,772
Perron Gold	.04q	21	80,000
Do., extra	.01	21	20,000
Pickle Crow G.	.10q	31	300,000
Siscoe Gold	.02½	15	116,001
Sullivan Cons.	.03	15	120,000
Sylvanite Gold	▪.07q	31	230,965
Young-Davidson	.02½	15	39,602
Ymir Yankee Girl	.02	31	44,500
Total			14,234,054
Oil Companies			
Petrol Oil	▪.02s	1	4,400
Stuart Oil, D. A., p.	.20q	1	8,376
Sunset Oils	.02	15	33,600
Total			46,376
Financial			
Bank of Montreal	2q	1	720,000
Bank of Toronto	2.50q	1	150,000
Bk. Can. Nationale	2q	1	140,000
Can. Intl. Inv. Tr., p.	▪.50q	1	8,000
Capital Trust	1	1	8,851
Dom.-Ang. Invest., p.	1.25q	1	16,875
Dom. Scot. Inv., p.	.50	1	24,568
Grey & Bruce Tr.	1%q	20	5,447
Do., extra	¼%	20	1,361
Montreal Loan	.31¼q	15	7,500
Provincial Bank	1.50q	1	60,000
Royal Bank	2q	1	700,000
Total			1,842,602
Grand total			27,345,235

a—Annually. s—Semi-annually. q—Quarterly. •Initial. †Payable in U. S. funds. ▴On arrears. ‡U. S. shareholders to receive 47½c U. S. funds, equivalent to 50c less 5% non-residence tax, deductible at source. ▪Subject to approval of Foreign Exchange Control Board.

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Over 60,000 Employers Deduct Defense Tax

When the National Defense Tax was established in June, 1940, it meant that over 60,000 employers were required to deduct, report and remit the taxes collected at the source, C. Fraser Elliott, Dominion Commissioner of Income Tax, told the Ontario Institute of Chartered Accountants at its annual meeting in Toronto last week.

The monthly remittances, he pointed out, meant 720,000 ledger entries in the course of the year, together with all attendant business details.

After the end of the year, he proceeded, every employer was required to report on all persons from whom deductions were made. This, he said, was needed not only for general checking purposes but against the day of possible refund claims that may be made by many thousands of persons. Accordingly, he continued, taxpayers who were also employers, had to be considered in two capacities, one on account of their own taxes and the other for taxes they had deducted from their employees and remitted as trustees. In addition every dividend payment no matter how small the amount, and likewise, every registered interest payment required a deduction to be made and the same procedure followed.

Lowering of the exemptions on personal income for income tax purposes had increased the number of individual taxpayers in Canada to well over 500,000 from approximately 270,000 previously. The National Defense Tax had increased the number of taxpayers to well over 1,250,000. These had become active taxpayers five days after the law was passed by Parliament, he added.

Mining Company Reports

Jason Mines

Outstanding features of the annual report of Jason Mines for 1940 follow:

Net profit of $135,474 or 4.5 cents a share for the six months the mill was in operation.

Mortgage reduced to a liability of not over $30,000 by Feb. 18, 1941.

Ore reserves of 70,150 tons averaging $17.82 a ton at Jan. 1, 1941, with 70,150 tons of possible ore of $17.82 estimated grade.

Production for the last six months in 1940 was $396,770 from 23,964 tons of ore milled for an average recovery of $16.58 a ton. During the period the No. 2 shaft was rehabilitated and part of the ore reserves are included for that area.

Recent deep drilling under the main No. 1 workings has shown that the No. 1 ore body extends unchanged at least 300 ft. more, giving an additional 25,000 tons of ore. No adverse factors are stated to have appeared that would lead one to believe successful operation will not continue for some years.

Income and Surplus Account Six Months Ended Dec. 31, 1940

	$
Bullion production	396,770
Less: Oper. exps.	190,589
Head off. expense	13,488
Operating profit	192,693
Add: Sundry revenue	686
Total net earns.	193,379
Less: Development w/o	14,732
Depreciation	23,075
Taxes	20,098
Net profit & surplus	135,474
Earnings per Share and Dividend Record:	
Earned	$0.045
None paid.	
No. of Shs. Outstanding	2,989,005
Working Capital	
Current assets	199,612
Current liabilities	109,062
Working capital	90,550

* Including supplies.

Leitch Gold

Net profit of Leitch Gold Mines was slightly lower in 1940, amounting to $232,025 or 8.2 cents a share compared with $284,423 or 9.9 cents a share the previous year.

Working capital showed an increase to $447,039 at the end of 1940 as against $439,549 the year previous. Cash was higher at $291,281, up from $267,567 the year before.

Due to the concentration of 1940 effort on exploration and shaft sinking, rather than further development of ore, ore reserves showed a decrease at 62,924 tons with a total value of $2,202,342 at $35 an ounce. This represented a decrease in value of $502,963 from the previous year.

During the current year, development will proceed to open up new levels and, according to the mine manager, A. D. Dickson, there is every reason to anticipate that the new levels will compare favorably with the upper levels of the mine.

Cdn. Mineral Equities

A net profit of $34,114, equal to 30.7 cents a share, was shown by Canadian Mineral Equities for 1940—its first full year of operation. Profit of $8,611 realized from sale of securities last year was used to write off expenses in connection with acquisition of Dominion Mining Shares and certain underwriting expenses.

Balance sheet as at Dec. 31, 1940, showed the company with $538,480 of securities with a current market value of $470,475. Deferred underwriting expense was carried at $5,222. A total of 111,043 redeemable preference shares were issued and 193 common shares.

Income and Surplus Account Year Ended Dec. 31, 1940

	$
Investment income	41,114
Less: Management fee	3,000
Directors' fees	1,356
Gen. expense	1,294
Under. expense	922
Taxes	428
Net profit	34,114
Less: Dividends	10,749
Surplus for year	23,365
Add: Prev. surplus	5,981
Surplus forward	29,346
Earnings per Share and Dividend Record:	
Earned	$0.307
Paid	0.10
Combined Shs. Outstanding	111,236
Working Capital	
Current assets	583,346
Current liabilities	6,463
Working capital	576,883

Mining Concentrates

Arntfield Gold Mines reports balance of option agreement with Penaque Mining Corp. covering a million shares, of which 600,000 shares have been taken up and paid for, was terminated at a meeting of directors on Feb. 26. There are no further options outstanding on any treasury shares. Issued capital is 3,575,390 shares, leaving 1,424,610 shares in the treasury for further financing.

* * *

Bear Exploration and Radium balance sheet as at June 30, 1940, showed current assets totalling $14,573 plus advances of $60,387 to subsidiary companies. Current liabilities totalled $4,351. Acting President Alex Wilson, who took over for the time being following the resignation of L. M. Keachie, states that in the 12 months to June 30, the company did not carry on any mining exploratory operations, nor did it engage in any other activities. Operations could be resumed without undue difficulty if and when it is decided to reopen, it is stated. J. J. Gray and D. M. Sorenson replaced E. V. Jaeger and C. L. Hershman on the board of directors.

* * *

Central Zeballos Gold Mines is now accumulating funds from the company's portion of 60% of operating profits, the balance going to Reno Gold Mines under the agreement with that company. It is believed dividends will be started as soon as sufficient funds have been accumulated. Development costs are stated to be high at the present due to the driving of a 2,100-ft. tunnel at the mill level.

* * *

Denison Nickel Mines has the possibility of opening up another ore body at the west end of its property under the Howland Pit, shareholders were informed by J. H. Greenburg, vice-president, at the company's annual meeting. Due to war conditions and lack of facilities for refining matte into nickel, directors felt it advisable to close the mine and reduce expenses to a minimum. E. C. Strong replaced J. Drummond on the company's board of directors.

* * *

Golden Gate Mining Co. shareholders were informed at their annual meeting that diamond drilling will be carried out on the high grade vein now under development from an adit on the Crescent Kirkland section of the company's property. The Crescent Kirkland property is stated to have returned more than its purchase price since it was acquired last year. Shortage of funds to carry out development on the required scale is the great difficulty just now, according to S. A. Pain, mine manager.

* * *

Godden Porcupine Gold Mines has been formed with a capital of 3 million shares to develop a group of 15 claims, 610 acres, in Tisdale twp., Porcupine area, two miles northeast of the main producing belt. Some interesting vein material is stated to have been exposed in previous surface exploration including a quartz vein 6 ft. wide. It is planned to sell a block of stock to finance a continuation of drilling which was commenced last year.

* * *

Jason Mines is holding its annual meeting on March 8 in Toronto at the Royal York Hotel.

* * *

Mitnor Gold Mines is reported to have completed arrangements to provide funds for an extensive programme of development on the company's 203-acre property in Neswabin area of Algoma mining division, some five miles south of Oba. It is planned to carry out a programme of diamond drilling to depths of up to 300 ft. to investigate possibilities. Five veins were revealed in earlier work with three of the veins stated to have been traced for 2,500 ft.

* * *

Ossian Gold Mines is not doing any work at present but directors hope that some arrangement can be worked out due to favorable location of the company's property in Porcupine, shareholders were informed at the company's annual meeting held recently. J. S. Booth and J. Reilly were added to the board of directors, the other directors being W. R. Salter, W. G. Chipp and Dr. T. B. Armstrong.

* * *

Pioneer Gold Mines is resuming the issue of quarterly reports with the first quarter of 1941 No monthly or quarterly reports were issued during 1940.

* * *

Springer Sturgeon Gold Mines expects to have its new 100-ton mill for treatment of barite in operation at its Nova Scotia property some time in May with machinery already arriving at the property. Work to date is stated to have indicated half a million tons of ore with the ore body not yet delimited.

* * *

Sherritt Gordon Mines will hold its annual meeting on March 18, at the Royal York Hotel, Toronto.

* * *

Upper Seine Gold Mines continues to operate on a reduced basis pending arrival of additional oil supplies, it is stated. Small bullion shipments are being made with all rock being put through the mill. Preparations are also being made to open up a third level to provide mill feed. Development on the second level is stated to have opened up some new ore.

Yama Gold Mines Offering Notes

$100 of Notes Carries Bonus of 25 Shares of Common Stock

An offering of 6% debenture notes is now being made by Yama Gold Mines on the basis of $100 of debentures carrying a bonus of 25 shares of the company's common stock. Although the issue is a small one, $55,000 has already been taken up. Redemption date for the issue is Dec. 16, 1941.

A test mill has been purchased by the company with a capacity of 75 to 100 tons daily and construction of the mill building and installation of the test milling plant is expected within two weeks.

See Profit in High Grade

The company's geologists report that sufficient high-grade ore to pay off the debenture issue can be run through the test mill during experiments conducted to show the most profitable mining grade for permanent milling plans.

Development on the 250, 375 and 500-ft. levels is stated to be adding to the ore picture. The E drift on the 375-ft. level is said to be showing heavy free gold in the last face with the preceding 30 ft. averaging $10 per ton across 4.3 ft. On the 500-ft. level, the last 35 ft. of drifting on the C zone shows a cut average of $36.70 across 1.3 ft. The C shoot on this level is stated to be now 300 ft. in length.

Falconbridge Now Runs at Capacity

But Third of Output Only Serving to Reduce Unit Costs

While production has been stepped up from two thirds to full capacity by Falconbridge Nickel Mines, the additional output does not mean a corresponding increase in profits, shareholders were informed at the company's annual meeting last week. Scanty profits are stated to occur from the additional output whose chief value is in reducing unit costs.

In normal times the company's chief market is in the United Kingdom. Due to war conditions, however, the company sold five times as much nickel in the United States as usual. This influenced the average price received by the company due to import duties imposed on nickel entering the United States market.

$7 Millions Claim

While the asset value shown in the balance sheet for Norwegian assets is $2,513,721 net, the claim filed with the custodian of enemy assets at Ottawa totals over $7 millions, as plant was included at replacement rather than depreciated value and inventories at sale rather than cost price. Rather large inventories remained for the Germans in Norway due to interruptions in shipping caused by the war.

While the company's refinery in Norway is now being operated by the company's Norwegian staff working under German control, the company still hopes to secure its return some day. "Hope cannot be downed," according to J. Gordon Hardy, the company's president.

Gifts For Britain Go Via Canada

Easter boxes for Britain can be purchased at Gimbels New York department store. New Yorkers pay for the packages at Gimbels who then forward the orders to Canadian Canners Ltd. who make up the parcels and ship them to seaboard. Parcels vary in price from $2.98 to $4.29 and include a wide range of tinned foods and fruits, all "made in Canada." Owing to the exchange premium, U. S. donors get their gifts for a lower price than if they were able to ship direct, while Canada benefits from the U. S. funds obtained.

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Investing $25,000 In Mining —

Stresses Senior Golds and Base Metals

Second Prize Winner in Post Contest Seeks Capital Appreciation

Second prize winning entry in The Financial Post's contest on "Investing in Canada's Mines" was submitted by Allan P. Fisher. Mr. Fisher holds the position of vice-president of the investment firm of Allan B. Fisher Ltd., Toronto.

In publishing Mr. Fisher's entry and portfolio below, The Financial Post wishes to point out that the opinions expressed are those of the writer and not necessarily those of either The Financial Post or the contest judges.

By ALLAN P. FISHER

The business of extracting metals from the ground at a profit has advanced a long way since the American humorist, Mark Twain, described a mine as "a hole in the ground with a liar at the top."

Having been a miner himself, Twain should have known better. Canada's "holes in the ground" have produced new wealth to the tune of nearly nine billion dollars, and have paid over a billion dollars in dividends since the author of Huckleberry Finn made his famed observation. So this businessman, in placing $25,000 of his investment funds exclusively in the mining industry, need not worry about the validity of his major premise, which is presumably that this industry does provide an opportunity for security and profit—if approached intelligently.

Although it is stipulated that our businessman knows little of mining investment and its particular characteristics, space precludes a full-dress discussion of these characteristics in so far as they concern normal times. The more practical procedure and the one I intend to follow (since this is a wartime portfolio) is to try and see how the revolutionary new conditions introduced by the war affect the usual standards of mining investment, and select our portfolio accordingly.

It is apparent that a world upheaval such as the current one can affect the mining industry and investment in that industry in about five major ways. It may affect:

(a) Taxation.
(b) Markets.
(c) Selling prices.
(d) Costs, and
(e) Necessitate at the war's end a readjustment of all these factors.

Tax Policies Clarified

Fortunately for the sanity of mining investors, the policy of the Dominion Government in regard to mine taxation has clarified considerably in the last few months. This policy, it is now apparent, evolves from the delicate balance between the Government's crying need for domestic revenue and its equally vital need for foreign exchange. Where these two counter weights level off will be found the incidence of wartime taxation on the mining industry.

Helping to tip the scales in the industry's favor is the fact that it is one of Canada's greatest producers of foreign exchange and the very kind of exchange which the Government needs most (United States). With gold at $35 per ounce, Canada's 1939 gold output represented immediately available foreign credits in United States funds of $178,331,160 or more than ten times the average annual foreign credits made available by Canadian gold mines for the four years 1915-1918.

With this fact in mind the Government in its tax policy has demonstrated an extreme willingness to co-operate with the mining industry. Needless to say, this does not mean that the industry is to escape altogether from heavier tax burdens, either primary or secondary. Moreover, the fact that different groups within the industry will feel this tax burden in varying degrees has an important bearing on our investment policy.

For example, the tax policy is now shaping up as aimed at encouraging the exploration for and the development of new mineral deposits. For this reason it is apparent that the prospects, junior and intermediate golds, are most likely to receive favorable treatment at the hands of the taxing authorities. I have borne this very much in mind in selecting my list, which contains, therefore, a greater weight of junior and intermediate golds than perhaps be advisable in a peacetime portfolio.

Markets Prices Linked

In the case of gold mines, the greatest market has been, of course, the United States Treasury, which has been paying a fixed price of $35 per ounce for gold, domestic or foreign, in any quantities since January 1, 1934. This condition still prevails, and while it is anybody's guess what the next ten years will hold, there is no evidence for believing that the condition will not continue to prevail, at least for the duration of the war, which is the period about which this portfolio is particularly concerned.

In the case of base metal producers, the situation is entirely different. Canada's base metal production is now largely contracted for at a fixed ratio of costs to selling price by the British and Canadian Governments. This situation, while probably satisfactory from the point of view of our war effort, does not seem to leave much scope for capital appreciation marketwise, which is one of our businessman's stipulations. Morover, the appointment of a metals controller limits the scope of this group.

For this reason the accompanying portfolio does not include any base metals other than Hudson Bay Mining & Smelting and that represented by the copper production of Noranda Mines. The reason for my selection of Hudson Bay Mining & Smelting rather than any other base metal producer is its favorable ore reserve and capital position, coupled, of course, with the highly important factor of extremely efficient management.

Would Invest $25,000 in These Stocks

No. of Shares	Security	Price Jan. 22	Amount	Dividends 1940	Yield	Invested Total	Life of Mine*	Price Mar. 3 1941
Group "A"		$	$	$	%	%	Years	$
75	Dome Mines	24	1,800.00	150.00	8.32	7.20	5‡	22
100	Hollinger	12⅞	1,287.50	110.00	8.54	5.15	5	12⅞
75	Hudson Bay	25½	1,912.50	150.00	5.88	7.65	18	24¾
60	McIntyre	49	2,940.00	180.00*	6.12	11.76	5½	47½
50	Noranda	55½	2,775.00	200.00	7.21	11.10	15	50½
300	Wright Har.	6.70	2,010.00	210.00*	10.45	8.04	4¼	6.00
			12,725.00	1,000.00	7.87	50.90		
Group "B"								
200	Bralorne	10¼	2,050.00	240.00	11.76	8.20	4¼	9.65
300	Lamaque	5	1,500.00	150.00	10.00	6.00	2½	•4.65
500	Macassa	4.10	2,050.00	185.00	8.54	8.20	3	3.65
			5,600.00	575.00	10.26	22.40		
Group "C"								
400	East Malartic	2.75	1,100.00	120.00	10.91	4.40	6½	2.50
300	Kerr Addison	3.40	1,020.00	45.00	4.41	4.08	7¼	3.35
400	Prest. E. Dome	3.10	1,240.00	100.00	8.07	4.96	3½	2.84
500	San Antonio	2.45	1,225.00	100.00	8.17	4.90	5	2.20
			4,585.00	365.00	7.96	18.34		
Group "D"								
1,200	Broulan Porc.	.95	1,140.00	72.00	6.32	4.56	5	.80
500	Upper Canada	1.90	950.00	30.00	3.33	3.80	2	1.47
			2,090.00	102.00	4.88	8.36		
			25,000.00	2,042.00†	8.17	100.00		

* Payable in United States funds.
† Does not include United States funds.
‡ These estimates take into consideration only known ore reserves.
* Estimate based on present ore reserves and milling rate.
● Last sale Feb. 28, 1941.

The Price of Gold

As the question of markets and selling prices are closely linked, it brings us to that highly complex subject, the price of gold. It is perhaps not apropos, but on this question one sympathizes strongly with Britain's ex-high commissioner in Canada, Sir Gerald Campbell, who, in speaking of dollar devaluation, suggested that the motto on the American dollar, "In God We Trust," be changed to "I Hope That My Redeemer Liveth."

The average investor not versed in the lore of the economist can, after all, do little more than hope that the gold price, which can hardly be said to be based on the law of supply and demand, will be maintained. To the average man it would seem hardly probable that the price will be revalued downward amid all the inflationary implications of a war and near war economy. In any event, it is the premise on which I have based my portfolio and I believe it to be a sound one. It at least has the backing of history which shows that the trend of the price of gold as a commodity has always been upward. Briefly, in picking the mining industry as a hedge against inflation, our businessman has, in my opinion, used excellent judgment.

Rising Costs Inevitable

It would seem that some increase in costs of production, apart from taxes, is inevitable during wartime. In the case of the base metal producers with a cost-plus contract, this will not affect the margin of profit, but in the case of the gold mines higher labor and equipment costs are potentially, at least, a factor.

For this reason I have excluded extremely low-grade, or marginal producers and it will be seen that all the mines included in my list are handling a reasonably high grade of ore. These will, of course, have a higher margin in which to absorb possible increases in costs.

Postwar Adjustment

In selecting this portfolio, one has of necessity been influenced more by the conditions implicit in the mining situation rather than by the longer term factors such as the postwar adjustment period. However, one should keep an eye focused ahead, and the best precaution our businessman can take in this regard is to continually remember that his mining portfolio must be subject to capable management at all times in such swiftly changing conditions. If this is done he will accordingly adjust his portfolio as conditions indicate and the impact of a sudden cessation of hostilities should be proportionally lessened. In any event, it is reasonable to believe that Canada's mining industry, which has seen its greatest years of growth during peace years, will be less seriously affected by the return of peace than those industries whose greatest growth has been during the war years.

I have no doubt that International Nickel stock will be included in a great many portfolios and perhaps wisely so. My own feeling has been, however, that its omission from my list does not create a serious gap, either from the point of view of yield or capital appreciation, and I do not feel that the portfolio needs it from the point of view of security. This stock had a critical period of readjustment after the last war and it was only by the initiative of the management in seeking new uses for nickel through research that it survived. Nevertheless, its progress is closely linked with the iron and steel and other capital goods industries, all of which are likely to find difficulty in riding out the readjustment years.

Having briefly touched on the main factors bearing on the mining industry in general, let us look more closely at the actual portfolio.

Four Main Groups

I have divided the list into four groups with the following classifications in mind:

Group A is aimed at obtaining maximum stability and constancy of income. While I have, of course, chosen this group from among the senior producers, I have tried to pick those seniors whose ore condition is such that expansion of ore reserves is possible to the point of probability. On this subject I would like to point out to our businessman, who, I notice, "would like information as to the probable life of the mines," that few Canadian mines have ore reserves blocked out for more than four or five years ahead. Because of the geological conditions of Canadian mining, this has been demonstrated to be good mining practice.

One cannot be specific in the matter of probable life, as those "experts," who 15 years or so ago were prophesying the immediate exhaustion of Dome Mines, can testify. Suffice it to say that the six mines in Group A are large-scale producers, and all give indications of many profitable years ahead. In this group Noranda perhaps warrants special mention because in this mine, while obtaining the benefits of its dual and controllable production of gold and copper, we also share in the future of its many subsidiary and junior operations. Noranda has been unusually happy in its exploration selections.

In Group B I have put those mines which, in addition to a good yield have, in my opinion, good prospects of reasonable capital appreciation. Scope for capital appreciation, of course, lies in the fact that none of these mines has come near to exhausting the possibilities of the properties owned by them.

In C Group the stress is on appreciation and possibility of growth in income. These two factors outweigh the fact that the yield at the moment is lower.

Group D are the speculative juniors, without which a mining portfolio would be as incomplete as an aristocratic family with no healthy youngsters.

One, of course, can go a step farther down the scale and include some non-dividend paying prospects, but the advantage gained by way of chances for capital appreciation would, in such a comparatively small portfolio, be outweighed by the risk involved. It seems to the writer that the list as contained in the latter two groups provides all the scope in this regard that our businessman would need under present conditions.

8% Yield

At present prices a total yield of over 8% is obtained, and if our investor is not acquainted with mining investment, he might think this a little high for safety. He should remember, however, that in mining a large portion of one's dividends should be considered as a return of capital rather than "interest on invested capital" owing to the fact that a mine's chief asset is a wasting one.

It is impossible to say over what period of time a mining investment should be amortized, and equally impossible to attempt to formulate a table in view of the relatively low ore reserve position which the majority of Canadian mines maintain when compared with mines operating in the African Rand and elsewhere in the world.

I have avoided holding companies except by way of the investment portfolios of such concerns as McIntyre Porcupine Mines and Noranda Mines Limited and others. After all, we are dealing with a businessman, whose portfolio is managed and under this condition he should be able to perform, or have performed for him, the functions which a holding company or investment trust perform.

It is interesting to note that since this list was selected, two of the companies mentioned have issued reports showing their ability to increase net profits in spite of increases in their taxes amounting to over one hundred per cent.

Work Pressed By MacLeod

West Ore Body Stands Up Under Development — Shafts Down

From Our Own Correspondent

GERALDTON.—Recent drift development and slashing at the 500-ft. horizon of MacLeod-Cockshutt Gold Mines has served to corroborate the previous estimate of 2,265 tons of $9.10 cut grade ore per vertical foot for the new west ore body. This estimate was made from drilling results at this horizon.

Car sampling of 14,237 tons of ore from development advance in this section has proved an average grade of 0.207 oz. per ton. This material was not sorted and is known to have included some waste from the drift headings.

Big Tonnage Expected

Drilling carried out previously indicated greater ore widths and grade over the same length below the 500-ft. horizon. When the 650-ft. level is developed later in the year, it is thought that 350,000 to 400,000 tons of ore will be proved up between the two levels for this new ore.

The big shaft-sinking programme in which MacLeod has been embarked is expected to be completed before the end of April. Late last month the main No. 2 shaft had reached a depth of 1,350 ft. on its way to a 1,400-ft. objective and sinking was expected to be completed early this month. New levels are being established at 1,100 and 1,250 ft. with a primary crusher being installed at the 1,250-ft. or eighth level.

Seventh Level For Haulage

The No. 1 shaft, being put down to 1,150 ft., was down over 850 ft. late in February with sinking expected to be completed some time in April. The No. 1 shaft will be used for development of the west ore bodies. The seventh level at 1,100 ft. is planned as a main haulage level. Further development of the west ore body is now being deferred until completion of the seventh level haulage drift in the latter part of the year. First development is planned at the fourth horizon.

In the north or boundary ore body, drift expectation of 1,800 tons of ore per vertical foot have been confirmed by stoping on the second and third levels. A considerable tonage of waste is sorted out after mining due to the highly irregular character of the ore structure in this section.

Drill Holes Get Ore

Crosscutting to the ore zone at the 900-ft. horizon has been carried 400 ft. to the north. A drill hole put out to the north has returned 0.776 oz. across 6.9 ft. and 0.289 oz. across 2.2 ft.

Significant drilling intersections have been had to the north and west of the north ore body, indicating new ore structure. Further development here is planned.

Operating profit for the three months ended Dec. 31, 1940, dropped back to $163,093 (operating profit was $832,915 in the 1940 company year) due to a higher development cost. Production at $571,141 from 60,323 tons of ore milled showed a considerable increase, but the increase was not sufficient to offset the higher development cost. More normal development expenditures are expected in the last half of the year with shaft sinking expense out of the way.

Mining Enquiries

Steep Rock

What is Steep Rock Iron Mines doing at the present time? How long do you expect it will be before they reach production?

At the present time, Steep Rock Iron Mines is negotiating for sufficient funds to carry out mining of iron ore from surface instead of from underground workings as was first proposed. Surface mining involves the draining of Steep Rock Lake, moving of a power plant and stripping off of overburden. No official estimate has been given out on the cost of this programme, but unofficial estimates which run into millions of dollars have been made.

Ore reserves at Steep Rock are apparently large enough to warrant a great capital expenditure if the iron ore can be mined at a low cost. In the main ore body alone, officials estimate 100 million tons of ore to be available. Of course, a market must be arranged for this ore for the time when actual mining does start.

Until financing is completed, it is impossible to state when production will be commenced. Probably a year or more will be necessary when the finances have been made available.

Wright-Hargreaves

Will you please review the current position of Wright-Hargreaves for me? The company's stock has been recommended by a friend as a conservative gold mining investment.

Last year earnings of Wright-Hargreaves touched a new peak of 77 cents a share with the company making dividend distributions amounting to 70c a share United States funds. Payments have now been changed to 70 cents a share Canadian funds, it appears.

Year by year the company has been able to increase the total value of ore reserves and as at August 31, 1940, the $28 millions in reserve was enough to keep milling under way slightly over three years. Development at depth has been encouraging and there appears to have been no difficulty in replacing ore milled each year. While work has been carried down to a depth of 6,150 ft., it is interesting to note that most of the ore milled still comes from the upper levels of the mine.

The management of the company is now following a policy of paying dividends in Canadian funds rather than in American funds, but American shareholders can still convert their dividends into American currency at the official rate of the Foreign Exchange Control Board. Financial position of Wright-Hargreaves Mines with the $4.7 millions of net cash assets on hand at the end of the last fiscal year equals approximately 85 cents a share. Outside exploration is now being carried on by the company and if a new property of merit should be obtained, finances are available for bringing it into production.

Aldermac Copper

How is Aldermac Copper Corp. doing at the present time? Does there appear to be much likelihood that the company will be a success?

While no statement on earnings has been released by Aldermac Copper Corp. since 1939, it is not believed that the company is realizing much, if any, net profit with the present low fixed price for copper. Operating profits, however, may be allowing the company to improve its working capital position somewhat as there have been no capital expenditures of importance recently.

For the duration of the war, there appears little prospect for any earnings of importance for Aldermac. A higher grade of ore would help but even then the present price of copper would prevent any substantial profit, it appears. After the war, Aldermac shares might regain favor if there should be a postwar inflation, but it is possible that there will be an oversupply of copper available when hostilities cease. The future of the company is not clearly defined, to say the least.

Little Long Lac

Did Little Long Lac Gold Mines do as well in 1940 as in the previous year? The company's stock seems to have been weak for some time now.

Production of Little Long Lac Gold Mines in 1940 showed little change from the previous year when the company earned 31 cents a share. Taxes were higher last year due to the excess profits tax and this increase in taxation probably offset benefits obtained from lowering of costs.

There has been little change in the position of the company's mine the last few years. The vein has been found to continue to depth with undiminished value and tonnage of ore and ore reserves reported for the end of 1940 probably showed little change from the three and three-quarter years' supply reported for the end of 1939.

A considerable number of gold mining stocks now show high yields at current dividend rates and no doubt considerable investment buying has been attracted recently. Some fears are still entertained, however, in connection with rising costs and possible further increases in taxation.

Peru Oil Output Down 10% in '40

Exploration and Drilling Continue on International Petroleum Field

The La Brea-Parinas oil field in Peru, owned by International Petroleum Co., produced 9,626,831 barrels of oil in 1940. This figure compares with 10.8 million barrels in 1939.

Out of 139 wells completed in this field last year, 123 were producers and 85% of drilling was done with rotary drills.

Eight exploratory wells were drilled in the La Brea-Parinas area, the most successful of which opened up the Rio Brevo pool north of previous wells with production of 1,072 barrels daily at 2,375 ft. Currently a test well is drilling at a depth of 9,200 ft. Out of a total of 3,250 wells drilled, there were 2,107 wells producing at the end of 1940.

In Equador, International Petroleum and its associated company is continuing exploration on two large concessions.

Jason Cuts Rich Ore 1,200 ft. From Shaft

From Our Own Correspondent

SIOUX LOOKOUT. — A surface drill hole put down on the No. 1 vein of Jason Mines at a point 1,200 ft. west of the No. 1 shaft has returned the important ore intersection of $25.29 across 8 ft. 10 inches, considerably enhancing the ore possibilities of the No. 1 vein in this direction from the company's workings.

The intersection was made starting at 556.1 ft. in a drill hole which was put down at 74 degrees with the intersection believed to represent approximately a true width. At footage 635 ft. in the hole, another intersection of 16 inches was made averaging 0.23 oz. per ton. This underlying vein is stated to have been proved on the third and fourth levels.

Testing Another Section

Besides the surface drilling in the section mentioned, a drilling programme is being carried on to test an indicated parallel bed of favorable sedimentary slates similar to that in which the No. 1 vein occurs. An extensive acreage exists to the west which is available for exploration.

In the No. 1 shaft workings, drifting north at the second horizon in conjunction with Camrock Mines has opened up new ore structure in greenstone rocks, north of the sediments, the vein swinging to northwest giving greater protection on Jason ground. After traversing a short ore section in the sediments, 25 ft. of ore running $17.69 across 31 inches has been developed followed by 80 ft. running $19.29 over 24 inches. Drifting is continuing north. To the south at this level, 130 ft. of new ore averages $26.23 over 40 inches.

Fourth Level Ore

Drifting north on the No. 1 vein at the fourth level has opened up 125 ft. of ore running $21.25 a ton across 30 inches.

Consideration is now being given to sinking No. 2 inclined winze to establish the seventh and eighth levels. This work is expected to be completed before the end of June. After that the No. 1 shaft will be deepened for two further levels.

On the sixth level of No. 2 shaft, north of the winze, a length of 155 ft. of ore has been opened up averaging $25.69 a ton across an average width of 30 inches. The vein pinches and swells running from 6 to 48 inches in width.

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McLellan Shaft Being Started

Getting Under Way This Month — To Open Two Levels

From Our Own Correspondent

GERALDTON.—Sinking of the three-compartment shaft on the property of McLellan Gold Mines, Little Long Lac area, is expected to be under way this month with lateral work to be started on levels at 150 and 300 ft. some time in June.

The shaft site is located in the west central part of the zone in the footwall of the banded iron formation where the ore values were indicated by diamond drilling along a length of 1,200 ft. from east to west.

Widths Up To 40 ft.

Gold values are stated to have been encountered across widths up to 40 ft. Isolated high-grade sections are stated to occur persistently.

Property of the company consists of 8 claims, 350 acres, located south and west of Little Long Lac Gold Mines and east of Magnet Consolidated Mines. Authorized capital of the company is 3 million shares with 1,100,000 issued to secure the property. Haras Corp., Toronto, purchased 475,000 shares at 10 cents a share and received options on 1,424,994 shares at 20 to 60 cents a share. Ample funds are stated to be on hand for the initial programme of exploration on two levels.

Miners Wage Tribunal Concludes Hearings

From Our Own Correspondent

MONTREAL.—Tribunal enquiring into claims of 12,000 Nova Scotia miners for wage increases has completed its hearing.

The enquiring body is composed of Mr. Justice C. P. McTague, of the Supreme Court of Ontario, chairman; R. P. Bell, Halifax, and Prof. F. R. Scott, of McGill University.

The tribunal enquired into the affairs of Dominion Coal Co., Old Sydney Colliery Ltd., Acadia Coal Co., and Cumberland Railway and Coal Co.

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Beet Sugar Group Cool To Alberta Barter Plan

Special Bid Made By Social Credit Government To Get Important New Industry To Bolster Cashless Trade Scheme

From Our Own Correspondent

LETHBRIDGE. — Alberta's Social Credit Government is exerting special pressure to bring the beet sugar industry of southern Alberta, with its "harvest" of $4 millions in new wealth yearly, into the new credit house and barter programme.

It would, of course, give a major fillip to the scheme to bring a thousand or more farmers en masse into the new phase of Social Credit economic experiments, making them customers of the treasury branches headed by Hon. Solon E. Low, Provincial Treasurer.

So important is this field rated by the Government that Hon. Ernest C. Manning, Minister of Trade and Industry, was sent south to address a series of meetings of the beet growers. The lieutenant of Premier Aberhart, and his trusted spokesman, was accompanied on his "missionary journey" by G. A. Clash, chairman of the provincial marketing board, and A. K. Olive, superintendent of treasury branches, Edmonton.

Meetings at half a dozen centres were well attended and the minister was given a careful hearing. Mr. Manning went in detail into the new treasury branches plan and the "trade claims" which have supplanted the old treasury vouchers.

Payment in Vouchers

The minister asked the beet growers to accept a portion of their payment for beets in these non-negotiable vouchers or "trade claims," instead of the full payment in cash as at present.

He coupled this drastic proposal with the announcement that the Government had decided to increase the consumer bonus of 3% on purchases of Alberta-made goods to 5%. This 5% will only be paid, however, on goods from industries co-operating in the marketing scheme and not on Alberta products generally.

What is a "trade claim"? Bewildered tillers of the soil asked this question again and again at the meetings. Mr. Manning answered quite as often that they are "a claim to goods and services recorded in a depositor's account in a treasury branch, and which cannot be redeemed for cash except as otherwise provided in the agreements with depositors, retailers, wholesalers, or manufacturers." It sounded simple as the trade minister explained it but his hearers still looked puzzled.

In another particular the "trade claims" differ from the old credit house "paper." They are not a claim on the general revenue of the province, but rather against the accumulated volume of the "claims" handled by the treasury branch system. The 5% bonus, Mr. Manning insisted, was not a claim against the revenue of the province but would be met out of these "trade claims" as handled from month to month.

Non-convertible

Making the "trade claims" non-convertible will permit much greater expansion of the marketing system within the province, the minister claimed, and prove a marked stimulus to Alberta industries. Under the old depositor's contract a treasury branch customer had the right, on payment of a 2% conversion charge, to convert his voucher account into cash. While few have actually so converted, he said, the option always stood as a claim on cash. This had hampered the development of the programme and, of course, tied up cash the Government wanted to use for other purposes.

One question put to Mr. Manning at the various meetings concerned loans for carrying on the farmer's operations during the crop year. His answer was that the treasury branch system is not in the loan business—yet. He suggested that the farmer's business be divided between the regular chartered banks and the treasury branches, the farmer getting his loan accommodations as in the past from his bank.

Company Approached

Mr. Manning said preliminary contact had been made with the sugar company—Canadian Sugar Factories Ltd.—and he added:

"Whether we can bring the factories into the programme depends upon the willingness of the growers to accept at least a portion of their payment for beets in vouchers. We believe our programme will stimulate the greater use of Alberta beet sugar in preference to the imported cane sugar, a vital consideration in wartime when the conservation of domestic credit is so important."

The growers made no commitments. Some in the Coaldale district, east of Lethbridge, have signified their willingness to co-operate but not the rank and file of the farmers. It is being freely predicted the farmers as a whole will not go into the scheme, being quite satisfied with the present cash basis of settlement.

Opposition General

The coolness of the beet farmers as a group to the barter money scheme is fairly typical of the reception given the plan through Alberta generally. Indeed, the new system appears to have been hatched partly to broaden the admittedly limited scope of the plan to date, and at least to create an appearance of widening the relatively negligible benefits.

The lack of success and sluggish momentum of the scheme have caused dissatisfaction and criticism at Social Credit caucuses. There have also been murmurings of discontent among the faithful as to the cost of maintaining the system. The treasury branch deficit ran over $300,000 in the last fiscal year.

So far, prospects are none too bright that the "trade claim" device and other revisions will serve to overcome objections and make the system any more effective than in the past. Refusal to accept transfer vouchers under the new plan has already been made public by the Calgary Board of Trade, Edmonton Chamber of Commerce, Lethbridge Board of Trade, and the Alberta branch of the Canadian Manufacturers Association, in behalf of wholesale and manufacturing members of these bodies.

Large printed cards warning all retail merchants in Alberta of this refusal have been distributed, for the protection of retailers.

In addition, the Edmonton Chamber of Commerce has issued a printed leaflet urging the Government to abandon its barter system proposals and its allied scheme for bonusing purchases of Alberta trademarked goods. The chamber contends that not only is the scheme very costly, but is seeking to set up in Alberta "a self-contained economy by using a system of currency not valid elsewhere" and bonusing Alberta goods to the detriment of other Canadian goods.

Pointing out that the Dominion has exclusive jurisdiction over trade and over banking and currency, the leaflet cites the Calgary Board of Trade view that the bonuses and the measures under which the treasury branches are operating are "illegal and beyond the power of the province."

The policy is seen likely to stir antagonism and provoke reprisals, not only in other provinces but also in the U.S. If aid is validly needed to aid some young industry or develop natural resources, it is argued, this could be accomplished more effectively and cheaply by paying bonuses directly.

Record Output of B. C. Herring

608,000 Cases Compares With Pre-war Average of 35,000

From Our Own Correspondent

VANCOUVER.—The biggest herring pack in British Columbia history, totalling 608,000 cases, is announced by the canning industry, which is now engaged in converting the surplus into oil and meal.

B. C. Packers, Ltd. shared in the herring pack to a large extent. While the actual pack is not as large as the industry had expected earlier in the season, demands of the United Kingdom were somewhat less than indicated and the packers were disinclined to can any more than required.

Before the war an average herring pack here was 35,000 cases. The huge increase resulted from Britain's inability to obtain supplies from Scandinavia and the Baltic area and the curtailment of her own North Sea fishing operations.

Abnormally high production of herring oil and meal is also expected, with more than 1,000,000 gallons of oil already processed.

Remington Rand Inc. Pays Stock Dividend

Remington Rand Inc. has declared a dividend of 20 cents per share on the common stock, payable April 1, 1941, to shareholders of record March 14. In addition, a dividend of 10% in common stock was declared on the common, payable May 1, 1941, to shareholders of record March 14.

Directors have authorized an increase in the company's common stock outstanding by 158,000 shares to 1,742,895.

NEW OFFICERS AND DIRECTORS — THE TRUSTS AND GUARANTEE COMPANY, LIMITED

ARTHUR F. WHITE

C. S. HAMILTON

LT.-COL. W. E. PHILLIPS, D.S.O., M.C.

JOHN A. McDOUGALD

It was announced at the Annual Meeting of Shareholders of the Trusts & Guarantee Company Limited held last week that three new Directors had been elected and that Arthur F. White had been appointed President. C. S. Hamilton, who has held this position temporarily since it became vacant owing to the death of Mr. J. J. Warren, continues as Vice-President and General Manager. Mr. White is Chairman of the Board of St. Lawrence Corporation, President of The Dominion Securities Corporation, Vice-President of The Canadian Bank of Commerce, a Director of the Confederation Life Association, The Toronto Mortgage Company and the Union Gas Company. Colonel Phillips of Oshawa is President of the Duplate Safety Glass Company Limited and Research Enterprises Limited. Mr. McDougald is widely known as one of Canada's younger financiers and is a director of a number of companies.

New Books . . . . .

The "New Order" in Europe

HITLER'S GERMANY. By Karl Loewenstein. Published by Macmillan's in Canada, Toronto. Price $2.

Professor Loewenstein, formerly of Germany, is now a Professor of Political Science at an American university. The first edition of his book appeared on the outbreak of war. It traced the story of Hitler's rise to power and told of the machinery by which the Nazis maintain themselves as dictators of a great nation. Simple, clearcut, direct, "Hitler's Germany" was a comparatively brief book that would enable any average reader to understand a little better how the mad miracle of Hitler's power was achieved.

Professor Loewenstein has now revised his book. He admits frankly that he has modified some of his opinions, in particular his conviction that the German military machine could be held in check in Europe.

Professor Loewenstein still holds the view that Britain alone stands between the United States and a totalitarian world led by triumphant Germany. While he does not forecast a German victory he is pessimistic and constantly returns to the theme that the dawn of the Germanic age will be the nightmare of what may be left of the civilized world as we know it. Here is a typical phrase: "Once the British have been forced to strike the Union Jack"; not "If the British are forced to strike the Union Jack."

It's a most useful study, but the readers should be warned that Professor Loewenstein's fatalistic fears of a German victory are not shared by other observers at least equally as well informed.

Japan Can Be Beaten

THE BATTLE FOR ASIA. By Edgar Snow. Published by Macmillan's in Canada, Toronto. Price $4.50.

Edgar Snow has long been a newspaper man in China, where he is correspondent for the London Daily Herald. His previous book, "Red Star Over China," was welcomed chiefly because it appeared just when China seemed about to achieve the domination of all Eastern Asia. Mr. Snow wrote in that book that Japan could not win. He is less dogmatic in this volume and seeks to define in some detail the type of "thoroughgoing democracy" that must be achieved now, during the war, if China is successfully to defend herself against Japan. Japan's success in Manchuria and in North China has given her enormous resources, desirable land, iron ore, coal, timber, gold and even cash with which to carry on the process of consolidating her lebensraum.

Very vivid are Mr. Snow's accounts of wartime life in China, the manner in which the guerrilla armies carry on the fight against the invader, the rape of Nanking and the fighting around Shanghai.

Much less convincing than this straight news reporting is Mr. Snow's appraisal of the present political situation. Although the author is correspondent for a London newspaper, he seems to be imbued with a thorough contempt for the British Commonwealth of Nations and for recent British rulers. He gives a most one-sided account of Sir John Simon's policy in respect to Manchuria, a policy that was bad enough without Mr. Snow's distortion. He is fond of penny lectures about the well-deserved fate in store for "laissez-faire Imperialism" and capitalism.

When he sticks to the Far East, the author speaks with considerable authority. It is interesting, then, that he warns against futile optimism as to an early revolution in Japan. But he says: "If a durable, political front is forged between Britain, the British Dominions, America and China, if Japan is economically quarantined, if Britain holds her position in Europe, and unless the British forces in India and Malaya are far weaker than they have any reason to be, the Japanese Empire would face nothing less than an early catastrophic end. With Anglo-American help and with Russian aid, China should eventually become strong enough to deliver fatal body blows to the Japanese military machine, while a Japan cut off from Anglo-American economic support must soon undergo unendurable suffering." Snow thinks perhaps the best solution to the Far Eastern conflict is for Japan to carry on the war, eventually to lose out to China, with the inevitable result of social revolution in Japan. That would come within two years. But Mr. Snow thinks that before she permitted that to happen, Japan would go to war against Britain and the United States.

General Electric's Story

MEN AND VOLTS. By John Winthrop Hammond. Published by Longmans, Green & Co., Toronto. Price $3.

It is difficult to believe that it is only two generations since electric lighting, electric transportation and electric power became a part of daily life. Yet such is indeed the case.

In "Men and Volts," the author tells the story of General Electric, of the men who conducted the early experiments that were the scientific basis of its commercial operations and of its growth to a giant among public service corporations.

Mr. Hammond's story is an industrial drama of the electrical age. It provides convincing evidence that it is possible for a company to achieve almost gargantuan size on the basis of a genuine and enthusiastic desire to serve the public. General Electric Company's prestige and goodwill is well deserved. The present company is less than 50 years old. It had a very small beginning but it has today assets in excess of $300 million.

Included as an appendix is a statement by Owen D. Young to a Washington Committee investigating large corporations. His statement concluded: "The enterprise has been profitable but it took the vision of daring and genius to create. It took confidence, persistence and courage to develop it and carry it through its earlier days. It remains only for us at this time and for those who come after us to so administer this great concern that it may continue to render a service in the future comparable to the past."

This is a splendid statement of type of two-fisted idealism which is the driving force in the "Good Neighbor" type of company today.

The volume tells practically nothing of the Canadian company. The author might have found much additional romance to add to his lively chapters had he gone back to Canadian General Electric's growth under Senator Nicholls.

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